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# MARKET MODELLING IN ACTION

Eleven Case Histories from the  
IPA Advertising Effectiveness Awards  
1980 — 1986

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J. Walter Thompson exists to produce effective and distinctive advertising for its Clients.

The papers in this book are submitted as evidence of some success in the pursuit of this goal and we would like to thank our Clients for their assistance in developing and writing these case histories. All have won prizes or commendations in the IPA Advertising Effectiveness Awards.

We commend the IPA for the stimulus this award scheme has given to the measurement of advertising effectiveness and to increasing our understanding of the role played by market modelling.

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Chairman

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November 1988





# MARKET MODELLING IN ACTION

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# INTRODUCTION

Market modelling is by no means new: JWT London's Operations Research Unit, under John Davis, was using econometric methods in the mid-60s. But it has had a huge boost in recent years from the development of cheap and friendly computer software.

However, it remains a somewhat mysterious process, for three reasons. First, it does undoubtedly require skill in statistics, and this has led to a certain amount of blinding with science by some of the experts. Secondly, the results of market modelling can be so valuable to marketing companies that they are understandably reluctant to publish their findings. Thirdly, modelling work is all too rarely shown in its full context of marketing and advertising planning.

This booklet goes some way to tackle each of these problems. It contains eleven of the JWT papers that have won prizes or commendations in the IPA Advertising Effectiveness Awards. They were written to be published in a fairly general-interest book ("Advertising Works": IPA); the clients concerned have agreed to their data being published; and the full marketing context is described. Each one of these cases involved some form of market modelling.

## Why market modelling?

We tend in JWT to use the term "market modelling" rather than "econometrics" because it is the broadest definition and because it means what it says. A market model is a model or representation of what goes on in a market. Modelling involves building a picture of how people buy, the many factors that affect buying and how they relate to each other. Since we normally measure these factors in a series of statistics (for instance, prices, distribution levels, advertising expenditures, disposable income or average temperatures), the relationships between them has to be expressed in mathematical terms. The maths can range between the very simple, as in advertising/sales ratios or plotting a couple of lines on a chart, and the quite complex, as in multiple regression analysis, or time-series analysis.

Market modelling is gradually becoming a more important element in advertising planning as it becomes clearer that some of the conventional methods of evaluation are not very satisfactory. The trouble with the older methods is that they tend to be both static and one-dimensional. There is all too often a hidden assumption (for instance, in many advertising "pre-testing" methods) that buying a brand is an isolated event with a single cause. We have only to spend a few moments thinking of what we ourselves buy to see that this is an absurd over-simplification.

Buying anything is influenced by many factors, and fits into a quite complex system. For instance, in repeat-purchase goods such as food or toiletries, there is a stream of purchases over time, usually involving a repertoire of brands and affected on each occasion by a different combination of relative product quality, price, advertising, display, promotions, mood, family demands, desire for a change and so on. Equally in less frequent purchases, such as stereo equipment or holidays, there is almost invariably a previous experience and a long process of being stimulated, considering options, searching for information, discussing and arguing, shopping around and then maybe changing one's mind in the shop or travel agent's; and each of these stages can be affected by a range of influences.

If we are to get real insights into how a buying system works, we need a method of analysis that can take into account a large number of influences at once and that can cope with the process over time. This is exactly what market modelling aims to do. It provides a picture of the patterns of behaviour and apparent influences. This picture can then be filled out with attitude and motivation research, to help us work out *how* and *why* the influencing factors work as they do.

## How modelling fits into planning

The case histories in this booklet inevitably concentrate on the role of modelling in evaluating effectiveness. But they hint too at its usefulness in other areas of planning. There are four main uses:



- helping us to understand how a market works, what the consumer buying system is and how it is changing over time.
- helping to set the marketing budget; suggesting roughly how much should be spent and what is a good balance between pricing, promotions, advertising, new distribution drives, etc.
- projecting the effects of major experimental changes to the marketing mix, comparing different potential strategies.
- evaluating the effects and return on investment of advertising and other promotional expenditure.

To put this in another, slightly more formal, way market modelling has a part to play in four of the five stages of JWT's Planning Cycle:

### 1. There is no single method of measuring advertising effectiveness

The IPA Advertising Effectiveness Awards show that many agencies are now beginning to follow the lead set by JWT and a few others in their use of market modelling. But in none of the published cases has a single solution been put forward as *the* way to measure effectiveness. In each of them a wide range of measures has been used. Measuring advertising effectiveness is a matter of building up a complete picture and a comprehensive argument. We need to do more than assess *whether* advertising has worked; we must also decide *how much* it worked, what is the return on the expenditure, and *how* it worked.

This means that the skills of market modelling go a great deal further than

Stage	Role for modelling
Where are we?	
Why are we there?	Relative importance of factors affecting our brand and competitors' brands in the past
Where could we be?	Scenario analyses of future marketing options
How could we get there?	Setting advertising budget Media scheduling (continuous vs burst)
Are we getting there?	Evaluation of advertising effectiveness, area experiments, etc.

### Market modelling in the real world

The eleven case histories in this booklet are fairly representative of the uses and values of modelling. In real life the contribution varies quite a lot, according to the amount and reliability of data, the extent to which measured data can really represent the influences, and so on. (For instance, how can one take into account the effect of the lead story in a newspaper, when it's different every day?) But I have never come across an occasion when modelling has no value at all. At the very least it forces one to think hard about the complete dynamics of a market.

I think that there are two broad conclusions about the uses of modelling that arise from these award-winning cases:

statistical expertise and knowing about regression analysis, autocorrelation and the Durbin-Watson statistic. They involve understanding markets in order to choose the parameters to go into the model, knowing the sources to ensure that the data are "clean", judging how to transform the data series, interpreting the results, linking them to other sorts of research, fitting them into the planning cycle and suggesting what action they imply.

In fact, market modelling is part of the classic process of invention — a cycle of understanding and interpretation; then forming hypotheses; then setting up experiments and tests; then feeding the results back into revised hypotheses. It is really only complete when its ideas are tested in the marketplace.



## 2. Modelling can be useful at many different levels

Market modelling is more a way of life than a set of techniques. We don't necessarily have to have very elaborate data or very expensive computers, though clearly the better the data the more likely that the results will be usable. At the simplest possible level, we should always think about markets in a modelling way and ask ourselves: What are the main factors affecting how people buy? Roughly how important is each? How do they relate to each other? What are the trade-offs between the factors?

All the case histories here go a good deal further than just thinking. But they do represent a range of approaches from the very simple to the quite complex. To pick out a few:

### (a) Examining factors separately

The All Clear case only just scrapes into the definition of market modelling. It uses simple inspection to examine the effect on sales of advertising, price, a consumer promotion, a trade promotion, distribution and competitive activity. But it looks at each separately, and does not attempt to evaluate their interrelated effects. By elimination of the other factors, it became clear that advertising was the main influence and the paper calculates the size of the effect.

This very simple approach worked because it appeared that only one factor did have a major influence, and that must be quite a rare situation. Nevertheless looking at and plotting factors separately is a good starting point for doing any modelling work. The St. Ivel Gold case uses this approach as a preliminary to an econometric model.

### (b) Modelling with limited data

The Rice Krispies case uses just relative sales (i.e. market share) and relative price, linked to a change in the creative content of advertising. It uses these to plot demand curves for the brand, which shifted markedly to the right after the new campaign started. Again, this simple form of analysis worked because there were no great changes in advertising expenditure, distribution, promotions, etc., at the time. It points to the importance of experiment — in this case, a before-and-after test.

The RAF officer recruitment campaign shows the values of modelling with regression analysis within such an apparently simple type of advertising as direct response. It was able to measure the relative effectiveness of display advertising expenditure, classified advertising expenditure and a new creative content based on improved pay scales in the RAF.

### (c) Modelling linked to area tests

The Shloer case history uses modelling to evaluate the effect of a change from press to television advertising in a test area, via Beechams' AMTES system. This involves building an econometric model for the brand as a basis for estimating what the regional sales *would have been* as a share of the national total, if the test had not been carried out. These estimates are then compared with the actual sales, with degrees of confidence assigned to the differences.

This use of modelling to take into account the other factors goes a long way to dispel the ifs and buts that so often bedevil area tests.

### (d) Short-term and long-term effects

The St. Ivel Gold and Andrex case histories use modelling to disentangle the short-term effects of advertising from the long-term effects. They are not suggesting that the advertising of, say, ten years ago has a *direct* effect on today's sales. It is rather that today's sales are partly the result of behaviour patterns which were set up by advertising ten years ago and have been reinforced by subsequent advertising. That is, the modelling is aiming to identify the proportion of today's sales that would not exist today had it not been for the past effects of advertising. This approach is maybe still a little experimental, but it is certainly a vitally important issue. Ten years from now many marketing managers may have good reason to praise (or curse) the decisions about brand advertising expenditures made today.

### (e) Market modelling in its full context

Most of the case histories here use full-scale regression analysis and a wide range of research measures to model their markets, to paint a full picture of what's happened, why it's happened and what part advertising has played.



Perhaps the most complex of them is Jeremy Elliott's story of the TSB School Leaver campaign. It is market modelling in its fullest sense. The econometric model played a key part in helping us to understand the dynamics of the market, even when the main elements affecting it are apparently inextricably linked together. Deservedly, this paper won the 1986 Grand Prix award.

#### Market modelling in the future

Marketing companies today are facing considerable pressures. The retail trade continues to concentrate and grow in professionalism, and will have new control of marketing data via EPOS. Technological change and the speed of product copying continue to accelerate. Consumers continue to demand individualism and variety.

Meanwhile, it seems that nearly all

the costs of conventional marketing — for instance, sales forces, marketing executives, distribution and advertising media — are going up in real terms. What seems certain is that all those expenditures will have to be more accurately planned and justified than they often are today. Simply cutting the costs will be no more than a short-term palliative. The proper question will be: What is the short-term and long-term return on investment for each of these expenditures? What balance of spending would give us better returns?

If this is so, I would expect that market modelling, which alone can start to answer these questions, will thrive and develop. I hope that the case histories in this booklet demonstrate that market modelling requires great skill and experience, but that it is not so much a matter of esoteric statistical wizardry as of practical inventiveness.

For further reading on econometric modelling in advertising, see:

**Tom Corlett:**

"Modelling the sales effects of advertising: Today's questions", *Admap* Vol. 21, No. 10, Oct 1985.

**Laurence Hagan:**

"Market modelling: Definitions, dynamics and decisions", *Issue* No. 1, JWT Oct 1986.



I

# THE CASE FOR ALL CLEAR SHAMPOO





## BACKGROUND

### Introduction

The anti-dandruff shampoo market is a considerable part of the total shampoo market with the medicated shampoo sector constituting some 35 per cent in 1979 of the total value of the market. It is dominated by Procter and Gamble's Head & Shoulders — brand leader of the entire shampoo markets of both the UK and USA.

In 1978 Elida Gibbs found itself well established in most segments of the shampoo market, but it lacked proper representation in the anti-dandruff shampoo sector.

Market research carried out by Elida had nonetheless revealed a market opportunity not yet exploited by Procter and Gamble. The evidence showed that there was a need for a range of anti-dandruff shampoos for different hair conditions, that is, an anti-dandruff shampoo for greasy hair, one for dry hair, and one for normal hair.

Elida Gibbs developed this range under the brand name All Clear. It was test-marketed for a year in the Southern area. This was successful and Elida Gibbs launched their new anti-dandruff range of shampoos nationally in July 1979.

### Marketing and Advertising Objectives

*The marketing objective* was to gain a significant share of the shampoo market by positioning ourselves in the anti-dandruff segment of the market.

The shampoo market is highly fragmented and very competitive and it was judged that a volume brand share in excess of 5 per cent would be a considerable achievement.

*The advertising objectives were:*

- (i) to announce All Clear as a new brand in the anti-dandruff shampoo sector;
- (ii) to communicate the unique features of All Clear, namely, that it had a range of three variants, each suitable for a particular hair type: clears dandruff and cares for hair;
- (iii) to position All Clear as a shampoo suitable for men and women.

### Description of the Campaign

The launch was scheduled to begin in July 1979 with national TV advertising.

Two TV commercials were made, one targeted at the female audience, the other at the male audience. Both commercials lasted 30 seconds.

The ITV strike which occurred a few weeks after the beginning of the launch necessitated a change in the original media plan. The campaign was redirected into press and radio. Only after the strike, in January 1980, did All Clear get the TV support which, it was believed, it needed.

### The Period of Time under Consideration

This paper addressed itself to the period of time from the national launch of All Clear in July 1979 to March 1980.

## CAMPAIGN EVALUATION

Although the ITV strike coincided with the launch of All Clear, it does enable us to review the effectiveness of the different media employed in the All Clear campaign, and to gauge the importance of television advertising to this brand.

### The Methodology of Evaluation

To evaluate the effectiveness of the advertising, it has been necessary to analyse the effect of the individual component parts of the marketing mix and other contiguous factors, for example, competitive advertising activity. This is done below and from it, by a process of elimination, our conclusion is that the TV advertising campaign which started in January 1980 was the single most important influence in the success of the All Clear launch.

### The Effect of Pricing

Variations in the sizes of bottles of shampoo make it necessary to convert actual prices to £s per litre of shampoo for comparability between brands. From these figures an index has been constructed to provide a measure of the price advantage which All Clear held over Head & Shoulders during the period under examination. Table 1 below shows this index, where 100 would equal price parity with Head & Shoulders, anything less than 100 therefore equalling a price advantage for All Clear.

TABLE 1: INDEX OF THE RELATIVE PRICE ADVANTAGE OF ALL CLEAR OVER HEAD & SHOULDERS

	1979						1980		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
100 = price parity with Head & Shoulders	68	71	72	82	79	82	87	88	90

This index shows that All Clear's price *increased* throughout the period under examination. The price of Head & Shoulders also increased, but at a slower rate than that of All Clear, so that All Clear's price advantage over Head & Shoulders *decreased* during this period.

January and February saw All Clear's price advantage at its then lowest, but Table 2 shows that it was these months which saw its brand share at its highest.

money-off consumer promotions have already been accounted for.

The only consumer promotion which did not involve a 'money-off' offer, a competition, ran in October and November 1979. Its closing date was 31st December 1979. The competition involved a leaflet drop to 10 million households, with cash prizes for the winners.

The objective of this consumer promotion was less to stimulate consumer purchase than to increase both con-

TABLE 2: STERLING BRAND SHARES OF ALL CLEAR AND HEAD & SHOULDERS

	1979						1980		
	July %	Aug %	Sept %	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %
All Clear	5	7	5	5	6	4	8	8	6
Head & Shoulders	14	13	13	13	13	11	13	16	15
TCPI									

The absence of any correlation between price advantage and brand share is clearly demonstrated when volume brand share and the index of relative price advantage (see Table 3) are seen together.

sumer and trade awareness of, and interest in, All Clear. The consumer promotion was linked to a trade promotion (see below).

This consumer promotion had little effect on the October-December con-

TABLE 3: VOLUME BRAND SHARE AND INDEX OF RELATIVE PRICE ADVANTAGE FOR ALL CLEAR

	1979						1980		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
% volume brand share (litres)	4	6	4	4	4	3	6	6	4
Index of price advantage	68	71	72	82	79	82	87	88	90

**The Effect of Consumer Promotions**

In measuring the relative pricing of All Clear against Head & Shoulders, price was calculated by dividing volume into a value figure derived from purchases at *actual* prices. By this method all

sumer sales as is shown by volume brand share figures in Table 4.

**The Effect of Trade Promotions and Distribution**

Most of the trade promotional activity, specifically trade discounts, took place



TABLE 4: PERCENTAGE VOLUME BRAND SHARE (LITRES)

	1979						1980		
	July %	Aug %	Sept %	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %
All Clear	4	6	4	4	4	3	6	6	4
Head & Shoulders	9	8	8	8	8	7	8	11	10
Total medicated	26	29	27	28	27	26	29	31	29

very early in the launch programme to obtain shelf-facings and listings with the major Multiples.

The consumer promotion described above was linked to a trade promotion with the aim of increasing awareness and interest in All Clear. The trade promotion, which took the form of a lottery, preceded the consumer promotion and its closing date was 6th November 1979.

The effect of this promotion would have been reflected in the November and December distribution figures. Table 5 shows the quarterly distribution figures for All Clear in chemists and

Clear's performance in absolute volume terms indexed to 100 in July 1979.

The Product

The product and range remained exactly the same throughout the period under examination. A new 50 ml sized bottle was introduced at the end of February 1980, but distribution was not complete until the end of March. This introduction therefore had no significant influence on performance during the months under consideration.

Competitive Activity

The shampoo market in general is both

TABLE 5: INDEX OF QUARTERLY STERLING DISTRIBUTION FOR ALL CLEAR IN CHEMISTS AND GROCERS

	July 1979	November 1979	January 1980	March 1980
Grocers	100	130	117	137
Chemists	100	128	134	132

grocers indexed to a base of 100 for July 1979.

As Table 5 illustrates, distribution figures did show an increase in November over July 1979, although in grocery outlets distribution started to decline in January. Increasing distribution through to January in the chemists was probably a reflection of their usual increases in stocking at this time to meet the annual increase in consumer purchases of shampoos immediately after Christmas.

Increased distribution in November in both chemists and grocers did not, however, lead to any significant increase in consumer purchase in November and December. Table 6 below shows All

fragmented (with over 35 advertised brands listed in MEAL over the past two years) and highly competitive with significant levels of advertising expenditure on major brands.

All Clear's media split (based on MEAL figures) for the months under consideration is shown in Table 7 below.

So as to assess how much 'interference' there might have been from other shampoo brands advertising at this time, it is useful to look at All Clear's media expenditure in terms of its 'share' of total shampoo advertising expenditure, its 'share of the media voice'. Table 8 details All Clear's 'share of voice' and compares it with that achieved by Head & Shoulders.

TABLE 6: INDEX OF ALL CLEAR'S ABSOLUTE VOLUME PERFORMANCE (LITRES)

	1979						1980		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
	100	128	95	95	97	63	140	115	93

TABLE 7: MEDIA SPLIT FOR ALL CLEAR (£'000s)									
	1979						1980		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
TV	116	29	—	—	—	—	266	59	—
Press	—	—	74	86	72	—	—	3	—
Radio	—	—	—	52	52	—	—	—	—
Total	116	29	74	138	124	—	266	62	—

TABLE 8: 'SHARE OF VOICE' FOR ALL CLEAR AND HEAD & SHOULDERS									
	1979						1980		
	Jul %	Aug %	Sept %	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %
All Clear	9	7	33	21	12	—	38	12	—
Head & Shoulders	14	15	—	27	25	44	17	17	22

MEAL

The 'share of voice' figures show that All Clear achieved its most significant shares of advertising expenditure in September 1979 and January 1980. The high share in September is largely due to the absence of spending by Head & Shoulders, but this high share did not result in high brand share (see Table 2).

#### The Relationship between Brand Share and Television Advertising

The highest 'share of voice' of advertising expenditure was in fact in January (38 per cent), the month which did see a dramatic rise in volume share from 3 per cent in December to 6 per cent in January.

It is our contention that brand share doubled in January not only because of the amount of money spent on advertising, but also because the advertising medium had reverted to TV.

Further evidence that television has been the most effective medium for all Clear is that its television spend of £116,000 in late July was reflected in the August volume brand share of 6 per cent. This share dropped immediately to 4 per cent when the ITV strike prevented further advertising on television. All Clear did not regain its 6 per cent volume share until the resumption of commercial television and its advertising in that medium in January 1980.

The clear relationship between All Clear's volume brand share and television advertising is illustrated in Figure 1.

#### THE SIZE OF THE EFFECT

##### The Effect of Television vs. the Effect of Radio and Press

The £262,000 spent on radio and press advertising in October and November generated £624,000 (according to TCPI) in consumer purchases over the three-month period of October to December.

The £325,000 spent on television advertising in January and February generated £972,000 in consumer purchases in the period January to March.

Thus it may be said that a marginal increase of £63,000 in advertising expenditure (from £262,000 to £325,000) and a change from radio and press to television generated an additional £348,000 (£972,000—£624,000) in consumer purchases.

Whilst the three months, October to December, in total may be considered 'average' for the year, there is a cyclical annual increase in shampoo sales after Christmas (which between 1979 and 1980 increased by approximately 20 per cent). To take this annual increase into account, 20 per cent is deducted from the January to March figure to give a truer picture of the effectiveness of television advertising.

Thus for a marginal increase of £63,000 and a change to television advertising, a further £278,000 of consumer purchases were generated than would have been had radio and press expenditure continued through to January and February.



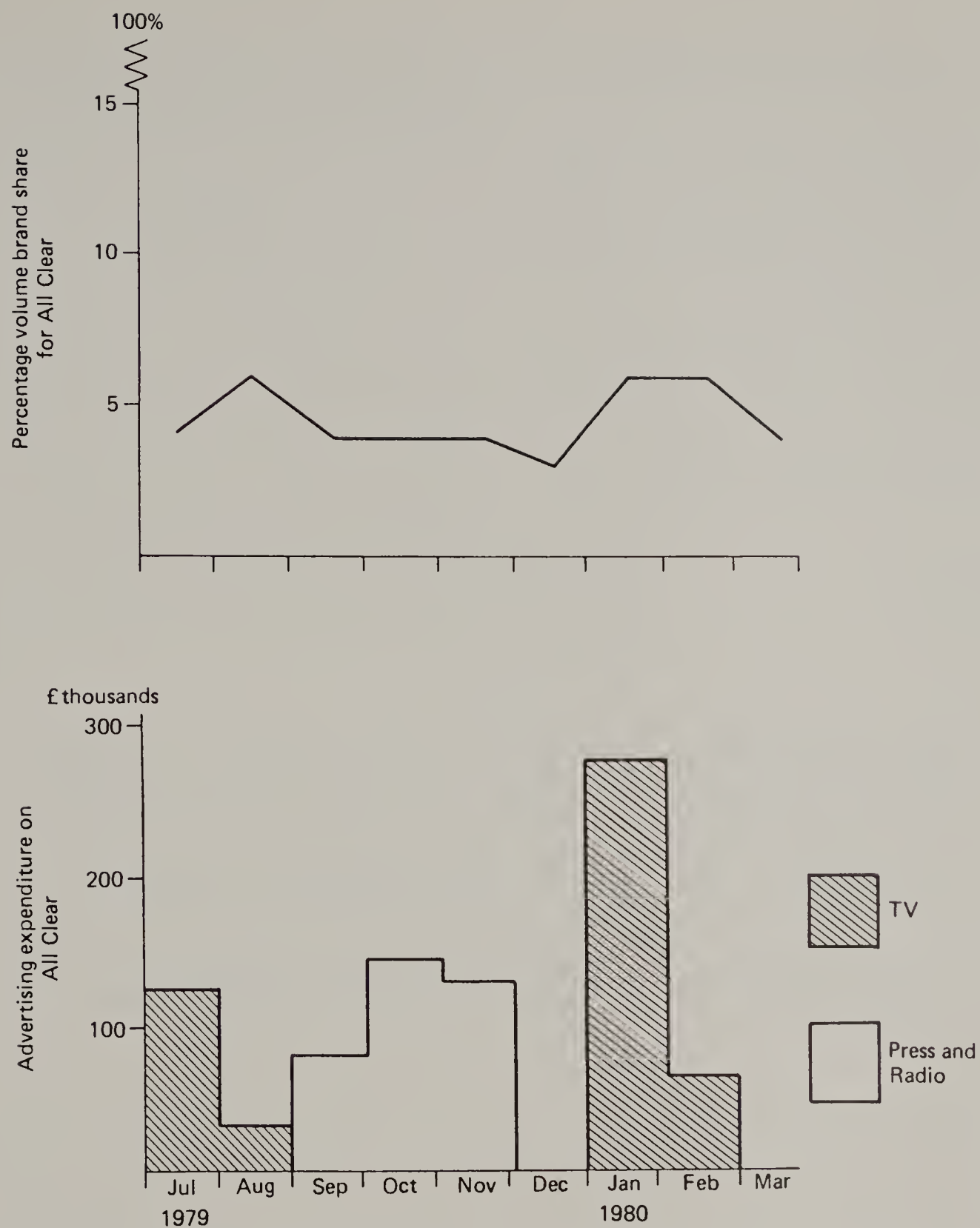


Figure 1. *The relationship between volume brand share and advertising expenditure on TV for All Clear.*

To summarize:

	Consumer purchases £	Advertising expenditure £
Jan/Mar 1980	972,000	325,000
Oct/Dec 1979	624,000	262,000
Gross increase	348,000	63,000
Deduct 20% for seasonal increases	70,000	
Net increases	278,000	63,000



**The Opportunity Cost of not Advertising  
at all in January and February**

The two months, December and March, in which there was no advertising expenditure are marked in both instances by a fall in value brand share (to 3 per cent in December and 4 per cent in March).

Assuming, then, that a value brand share of 4 per cent represents an achievable brand share without any advertising, the following revenue would have been generated for All Clear in the first three months of 1980:

January	£185,120
February	£172,920
March	<u>£172,240</u>
Total	£530,280

Adding the actual advertising expenditure for January and February to the above, we get a truer picture of Elida Gibbs' potential position without advertising:

Sales	530,280
Savings on advertising	<u>£325,000</u>
	£855,280

The opportunity cost of not advertising, therefore, is the actual revenue less the potential without advertising:

	<u>£972,000</u>
less	<u>£855,280</u>
	£116,720

Thus the size of the effect of television advertising may be represented by the difference between the actual and potential revenue. Had Elida Gibbs not advertised to the extent they did on television in January and February, they would have lost nearly £117,000 in revenue from consumer purchases (during the first three months of 1980).



2

**KELLOGG'S RICE KRISPIES:  
THE EFFECT OF A NEW  
CREATIVE EXECUTION**





## BUSINESS BACKGROUND

Rice Krispies has been a major brand in the breakfast cereal market since it was first launched in the UK in 1929 — long enough to have been a part of most shoppers' own childhood. Its crisp puffs of toasted rice have a unique appeal to children: in a description made famous by advertising, they go 'Snap, Crackle, Pop' in milk.

The product itself is very light, so its average retail price per kilogram is about 50 per cent higher than market average, making it one of the more expensive brands. Sales volume has remained fairly constant around 10 million kilograms a year (Nielsen) for the last decade. Consequently, the brand's share of the growing cereal market declined slowly through most of the 1970s. Its share of ready-to-eat (RTE) cereal advertising declined more steeply, as its advertising levels in real terms were progressively reduced.

By 1977, volume share of market was down to 5.7 per cent according to Nielsen (though its sterling share of 8 per cent still made Rice Krispies the third largest brand by value). Rising costs of raw materials and the pressure on margins from the retail trade were making it increasingly difficult for the brand to fund the high advertising-to-sales ratio that historically it had needed to maintain consumer demand for this premium product. Furthermore, the falling birth-rate meant that its primary consumers — children — would be getting fewer.

So the advertising strategy was reviewed and a new creative execution was developed for 1978.

## MARKETING AND ADVERTISING OBJECTIVES

The marketing aim was to win sales growth, in line with market growth at first in order to arrest the fall in share, and subsequently ahead of market in order to regain some, at least, of the share that had been lost. But with a shrinking child population — children eat over half the tonnage sold — this aim would be achieved only by increasing the numbers of families who buy Rice Krispies, and, in particular, by winning a share of their cereal purchases at the expense of other brands also largely eaten by children, such as Sugar

Puffs and other pre-sweetened cereals, and Weetabix.

This meant, in fact, reversing the trend of previous years. Rice Krispies had been losing franchise because:

1. It was rather expensive, and needed to offer something extra to justify the cost of buying it regularly.
2. It was light and insubstantial, and so was thought to have little nourishment value in it, at a time when more mothers were setting store by substantiality and food value in their children's breakfast cereal.
3. Its image had become more of a hedonistic 'fun' cereal — suitable as an occasional treat for children — and less that of an everyday all-family staple.

The effect had been to make Rice Krispies seem to many of its consumers a less important brand than it really was. So they had demoted it from being one of their usual brands to being a secondary, occasional purchase.

Advertising was given the task of reversing these trends, of making Rice Krispies more important and more highly valued, and of putting it back into the role of an enjoyable staple breakfast food.

## ADVERTISING STRATEGY

Central to the strategy we developed to meet these aims was the *uniqueness* of Rice Krispies, not just in its 'Snap, Crackle, Pop', but also in the power of this phrase to remind adults of when they too, as children, listened to Rice Krispies crackling and popping in a bowl of milk. More than any other cereal, it says childhood. It is *the* childhood cereal.

We wanted to evoke in parents their own memories of eating Rice Krispies when little, to remind them of the magic of the cereal that makes a noise — because, to its eaters, this magic has a very real value.

So we decided to present, in television commercials and in print advertisements, an appealing and credible portrayal of childhood. Firstly, to catch mothers' attention and interest, because what children *really* do and think always interests them. Secondly to evoke their own childhoods (so we

would show only children, and no adults, in the advertisements, and try to present a world as seen through a child's eyes).

A third reason was that a truthful and sensitive representation of childhood would be evidence that Kellogg knew and cared about children and implicitly, therefore, about feeding them properly. (This was a high risk route, because the slightest dissonance or unreality caused by the child actors could, as many advertisements with children have done, easily trigger disbelief and dislike among the mothers watching, with wholly negative effect.)

Lastly, we wanted to remind people that whilst the magic of Rice Krispies is so much a part of childhood, the appeal of the brand is not childish, but much wider than that; that it is not simply an occasional treat for the kids, but a sensible and worthwhile breakfast food that all the family can enjoy.

Out of this strategy developed a campaign that appeared to stand this last intention on its head. A series of television and magazine advertisements featured Edward, Rachel and the rest of their 'gang', and their attempts to start a national protest campaign to make adults *stop* eating Rice Krispies and to reserve it for children only: drafting speeches for the media, sending delegates to raise support in other towns, writing to the Prime Minister! (And thus, of course, calling attention to the fact that many adults do eat Rice Krispies.)

The new campaign began in the spring of 1978, using the same media mix of television and women's magazines as in previous years, and at no greater rate of real expenditure (Table 1). An industrial dispute at the plant in summer 1979 brought advertising to a halt for the rest of the year, but the campaign is now continuing in its third year in 1980.

### EVALUATING THE EFFECT

Creative research during the development of the campaign suggested that the advertisements were achieving their aims. AGB's TCA audits of consumer purchasing revealed a sharp rise in the number of homes buying Rice Krispies each month, coinciding with the new campaign's start. Further analysis of buying patterns, from consumer panel data, showed that we were gaining in brand switching from Weetabix, instant porridge and the other competitive child cereals. Nielsen reported a 7½ per cent sales volume growth in 1978, compared to a 3 per cent rise for the market in total. And apart from the period in 1979 when the brand was not available, sales have stayed buoyant.

The market indications are, then, that the campaign is on strategy and that it is working. More importantly, there is firm evidence that the new advertising increased the value that consumers put on the brand and thus raised demand for it, with a substantial and quantifiable effect on sales revenue.

Given the brand's price premium, relative price is naturally a major factor affecting demand. So much so, in fact, that the size of the price effect in month by month sales variations tends to swamp and obscure the effects of other variables. The logical step was to see if we could isolate, and remove, the price effect, and then look for an advertising effect. To do this, we examined TCA monthly data\* for 1975-77 (the three years prior to the new 'Edward' campaign) for evidence of correlation between the relative price of Rice Krispies and demand for the brand.

The method we used was based on the economist's conventional 'demand curve', in which quantity purchased is related diagrammatically to price. In practice we have found it appropriate to take the *relative* quantity purchased (as represented by a brand's percentage

\* Monthly audits, and the recording of actual prices paid, make TCA data more suitable than Nielsen for this technique. However, a cross-check using Nielsen data produced confirmatory findings.

TABLE 1: ADVERTISING LEVEL FOR RICE KRISPIES

	Annual television OTS <sup>a</sup> (Housewives)	Media expenditure at constant 1978 prices (MEAL) (£'000s)
1976	17	1140
1977	14	660
'Edward' (1978	13	600
campaign (1979 (Jan-Jul)	9	350

<sup>a</sup> Average number of opportunities-to-see the television advertising per viewer per year



share of market volume) and relate that to its *relative* price (expressed as a ratio of the average price in the market).

During periods of market stability, the observed measures of brand share and relative price tend to conform to the conventional demand curve pattern when they are plotted on a graph. That is, a relative price rise will tend to reduce share of sales (demand), whereas a fall in the relative price will tend to be accompanied by a rise in brand share.

New marketing action, when it is successful, can be expected to produce points on the graph that do not conform to the previously observed demand curve. So the technique provides a powerful means of monitoring, over relatively short periods of time, the effect of changes in marketing actions.

In the Rice Krispies analysis, we looked at the relationship between the brand's share of all RTE volume sales and its relative price (indexed to the all-RTE price per kilogram). The results (Figure 1) showed a modest correlation between price and share of the three years 1975-77. Evidently other factors, in addition to price, were affecting demand. But the slope of the line\* showed

\* The economist's demand curve normally relates *proportionate* changes in sales to *proportionate* changes in price and is thus a straight line in the *logarithms* of the variables. But the increased accuracy of fitting such a curve across a fairly narrow range of price differences is not significant, and a straight line in natural values is a lot easier to use in practice.

that Rice Krispies was fairly price sensitive, with a price elasticity of about  $-2$ . That is to say, a 5 per cent reduction in the price, from 140 on the price index scale to 133, could theoretically be expected to result in a rise in brand share from 5.9 to 6.5, a 10 per cent increase in sales volume. Or, to simplify, a 1 per cent fall in price would lead to a 2 per cent rise in sales volume. However, it must be said again that the correlation ( $-.48$ ) between relative price and sales for the period 1975-77 was not strong, and accounted for only one-quarter of observed sales variations.

From the start of the new campaign, however, the picture changed. The 1978-79 data showed a clear shift to the right in the demand line, and a closer correlation between price and market share.

It is worth noting that this was not a change in price sensitivity — the slope of the line is the same as before — but rather a rise in the perceived *value* of Rice Krispies accompanied by a rise in the proportion of month-by-month sales variation that was due to price.

This rise in brand value, which took place immediately after the start of the new 'Edward' campaign, continued at least until the market was disrupted in summer 1979. (It has taken time for the market to get back to nor-

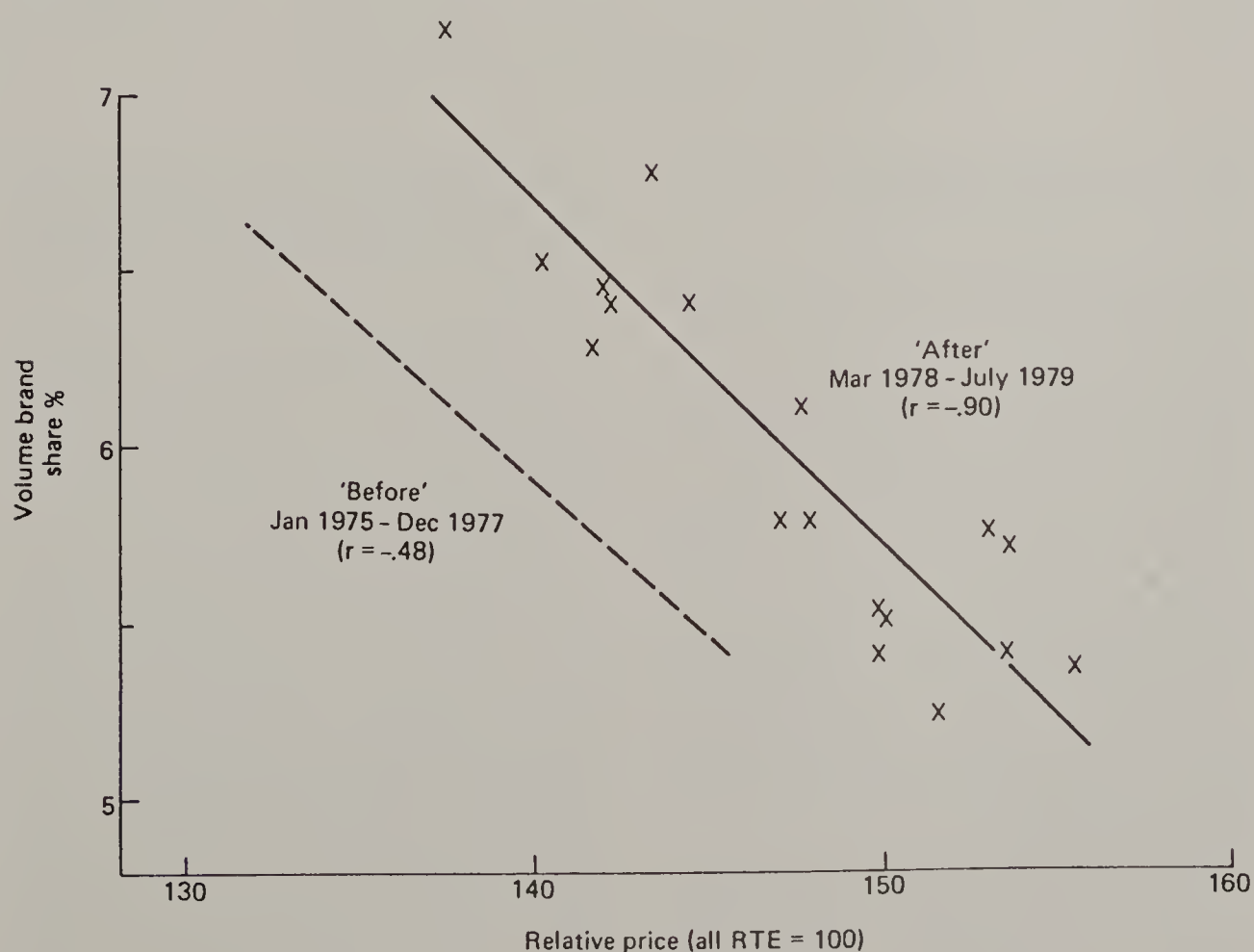


Figure 1. The shift in the demand curve for Rice Krispies.

mality since then. But first indications for Rice Krispies look good.) The difference between actual market shares achieved and those predicted by the previous year's price/share relationship was substantial, amounting to an additional 14 per cent in sales volume between March 1978 and July 1979, or an extra £2¼ million in sales revenue (Figure 2).

from an analysis of the relationship between sales share and advertising share in the RTE cereal market.

To look at this, we used the 'Dynamic Difference' model,\* which relates two factors:

1. The difference between this year's share of advertising (representing current marketing effort) and *last*

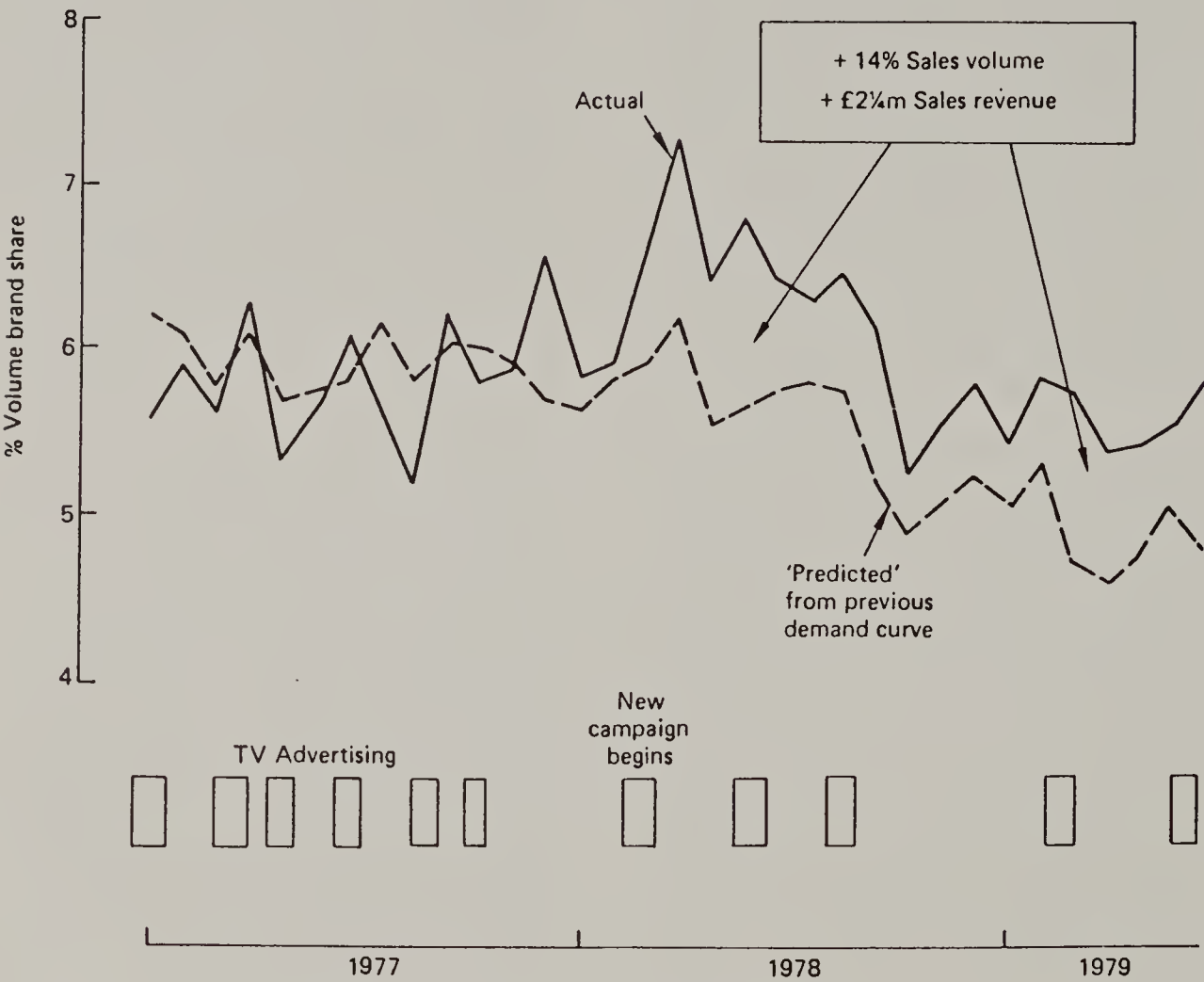


Figure 2. The sales increase of Rice Krispies.

### How Much was the New Advertising Campaign Worth?

Something, it was clear, added value to the brand in the spring of 1978. The evidence that it was the change in advertising that was the cause is circumstantial, in that no other factor — neither distribution, sales force activity, on-pack promotion, nor competitors' action — could be judged to have changed anywhere near sufficiently to have brought about such a lasting shift in brand value. The only realistically plausible explanation which could be found was that the new advertising campaign did it.

Any creative stimulus that brings in over £2 million in extra sales in under 18 months is obviously valuable. But could a cash value, we wondered, be put on it? An approximate answer emerged

year's brand share of market (representing the consumer franchise base before this year's advertising stimulus began).

2. The change in brand share between last year and this (representing the effect of the marketing effort).

The data are summarized in Table 2, and plotted graphically in Figure 3.

The results of this analysis showed a reasonably consistent relationship for 1971-77, followed by an exceptionally high market share achievement in 1978, when the brand gained 0.3 points. Such a gain, according to the regression equation for 1971-77, would have needed a Dynamic Difference of +8.5 points of advertising share in excess of brand share. In fact, the Dynamic Difference

\* Originated many years ago by M.J. Moroney of Unilever.



TABLE 2: MARKET AND ADVERTISING SHARES FOR RICE KRISPIES

	A	B		
	Volume brand	Advertising	'Dynamic Difference'	Brand share
	share	expenditure share	(B minus previous	change
	%	%	year's A)	
1970	7.0			
1971	7.4	14.3	+7.3	+0.4
1972	7.1	12.3	+4.9	-0.3
1973	7.0	11.2	+4.1	-0.1
1974	6.8	13.2	+6.2	-0.2
1975	6.2	10.2	+3.4	-0.6
1976	6.1	12.7	+6.5	-0.1
1977	5.7	8.5	+2.4	-0.4
1978	6.0	7.9	+2.2	+0.3

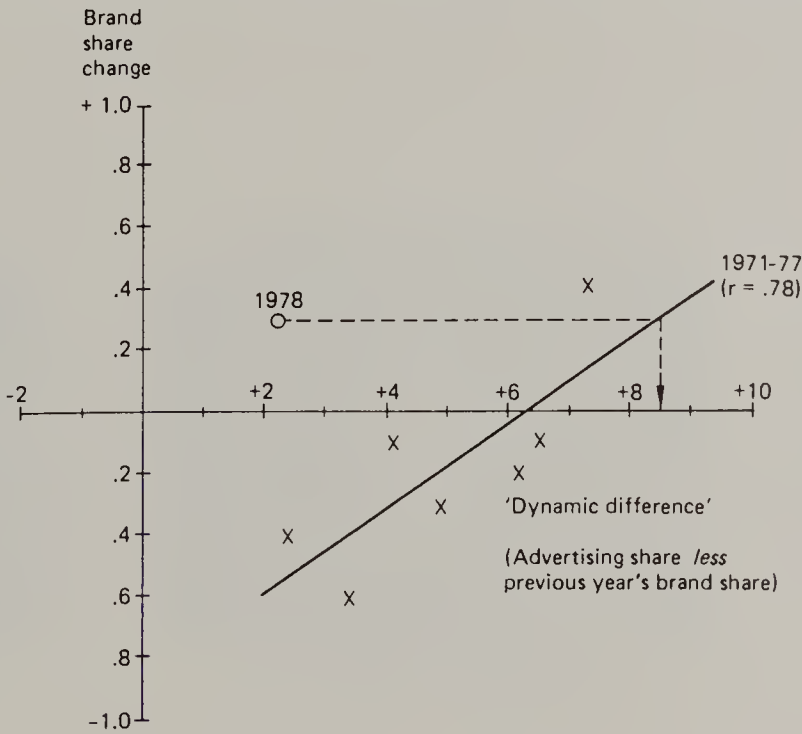


Figure 3. *The Dynamic Difference model.*

in 1978 was +2.2, so the effect of the campaign change was broadly comparable to the expected effect of an advertising expenditure increase of roughly 6.3 per cent of RTE cereals' advertising in 1978. According to MEAL, the market spent £7.6 million on advertising that year. So the extra sales effect on the new 'Edward' campaign was 'worth' the equivalent of about an additional £500,000 (6.3 per cent of £7.6m) spent on advertising in that year.

The limitations of the data make this, at best, only a rough approximation. Nevertheless, they do suggest that the new strategy and execution just about doubled the effectiveness of the advertising.

CONCLUSIONS

We concluded that the new advertising had succeeded in its aims of making Rice Krispies a more important and more highly valued brand in consumers' eyes, and of rebuilding its role as a staple breakfast cereal.

On the basis of the evidence, we believe that:

- 1. The new campaign brought about a sustained increase in the value that consumers put on the brand.
- 2. This added value increased demand for the brand by about 14 per cent and brought in an additional £2¼ million in sales revenue inside 18 months.

3. This effect was very roughly equivalent to that of an extra £0.5 million a year spent on advertising.

### THE METHOD OF EVALUATION

Growing experience of the 'demand curve' technique for assessing advertising's effects has convinced us that it is a very useful and practical tool. By separating out the price effect, it allows the effects of other variables to show up more clearly. By its simplicity, it makes exploratory analysis easier to undertake. By forcing the analyst to spell out his assumptions, it leads to better *understanding* of how brands and markets work. But, over and above all this, the technique has two major practical applications.

Firstly, it makes it possible to measure advertising and other effects not only on sales volume but also on the price a brand can command. Advertising may be aiming to raise volume or to raise value (or indeed both). Both effects, therefore, need to be assessable together, which is what the demand curve method does.

Secondly, once a stable demand curve has been detected, it becomes a simple matter of plotting each month's new data on the graph in order to *monitor* the continuing progress of the brand. On-trend readings show stability. Off-trend readings quickly reveal that something is changing, and provide a basis for diagnosing the cause.



# KELLOGG'S RICE KRISPIES

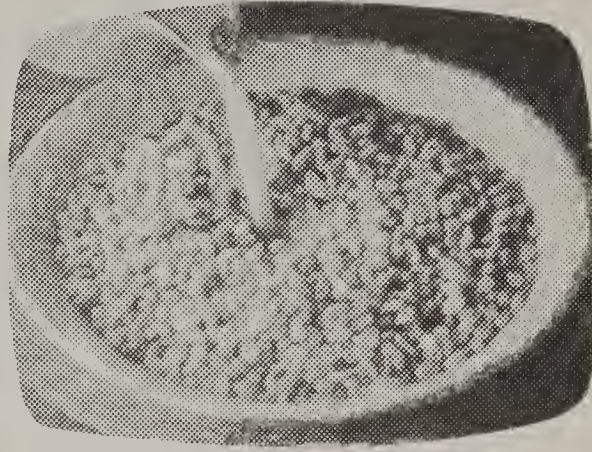
## "EDWARD TRICKED" 30 SECONDS



EDWARD: What's wrong Rachel?



Are you still worrying  
about the grown-ups



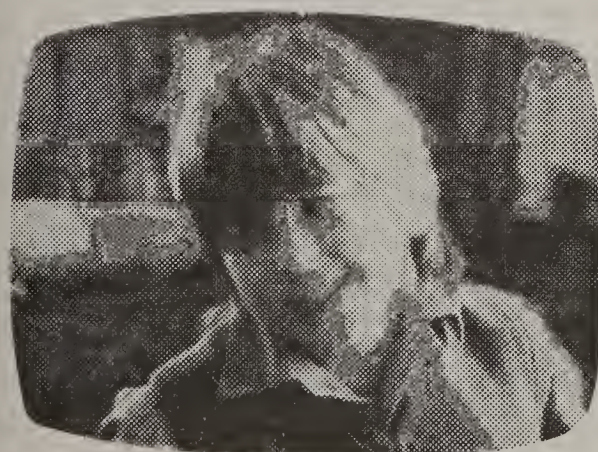
eating our Rice Krispies?



Are you thinking that  
they'll never stop



eating our snap, crackle  
and pop?



I know Rachel, but we  
have to keep on trying ...



Come on Rachel ... it'll  
be alright.



Kellogg's Rice Krispies,  
with vitamins and iron.  
Have you heard how good  
they are?







3

ROYAL AIR FORCE  
OFFICER RECRUITMENT





## BACKGROUND

It is of primary importance to the defence of our country against potential aggressors that our Armed Forces are kept at full strength. Thus there is a continual need to recruit men and women for commissioned service in the Royal Air Force.

The RAF is not a career which comes immediately to mind for most young people thinking about a job. It is a discrete world, with relatively remote airbases and security restrictions which inhibit public contact. Thus few young people have ever met an RAF Officer.

There will always be some young people, many with Service backgrounds, whose lifelong ambition is to become a pilot with the RAF. But this source of supply goes only a very small way to maintain the steady flow of high quality recruits needed to keep establishments up to strength.

A variety of background factors affect recruitment to any walk of life, and the RAF is no exception. The employer has control over some, but not over others. The latter category includes the overall supply pool; what competitors are offering; and negative publicity about the job in question. The main controllable factors are the terms and conditions of service offered; the qualities and qualifications required of candidates; the nature of the jobs available; and the volume and nature of the information published about them.

Advertising is the main vehicle for this last category, supplemented by a network of Careers Information Offices throughout the country, by a limited number of service liaison officers at schools and universities (whose own careers advisers are a strong and not necessarily beneficial influence) and by other points of public contact such as air shows and RAF open days (which mainly reach those who are already converted).

But it is RAF advertising that reaches more young people more efficiently and more quickly than any other recruiting aid.

The positive and negative effects on recruitment of the factors mentioned are almost impossible to disentangle and measure, but we submit that the

variable of the advertising input can be demonstrated to bear a direct relationship with recruitment achievement, in terms of both quantity and quality.

## ADVERTISING OBJECTIVES

The role of advertising is to produce, as economically as possible, high quality candidates for commissioned service in the Royal Air Force in sufficient quantity to fill given numbers of vacancies.

The total requirement embraces both aircrew and ground branches, involving a wide variety of specialists. For the purpose of this submission we are focusing on the officer aircrew recruitment task, which has the highest priority, is relatively straightforward and exemplifies the total task.

The primary target group for aircrew is young men, 17 to 25 years old, at point of job choice, with at least five 'O' levels at Grade C or above. In addition aircrew candidates must have flying aptitudes — an inherent quality possessed by an individual that can be identified only by special tests.

The strategy for aircrew advertising is to highlight flying and aircraft, which we know from research to be the main appeal of the RAF to our target group, and to reassure them about their ability to cope, after training, with the demanding nature of the job.

Most of them need this reassurance, and doubt their own ability to match up to the exacting demands of the job, and to fit into the unknown elitist society which an RAF Officers' Mess represents to them.

## DESCRIPTION OF THE CAMPAIGN

The officer aircrew campaign aims to present an irresistible picture of flying with the Royal Air Force using dramatic photography of modern military aircraft in flight. It aims to make the dream achievable and not alien by making them feel that existing pilots are human and were just like them initially; the copy emphasizes that you never know if you can do it until you try. Whilst making the job exciting the copy keeps its feet on the ground by a description in career terms of its worthwhileness and responsibility.

For further information, advertisements include an exhortation to visit a local RAF Careers Information Office,

or to send in a coupon.  
 In its present form the campaign has run since June 1978.

### EVALUATION OF THE CAMPAIGN

The enquiries generated each month by the range of aircrew advertisements between January 1978 and March 1980 have been analysed against the advertising expenditure for these months. The analysis shows that there is a correlation between advertising weight and the number of enquiries. The relationship is illustrated in Figure 1.

The *top* diagram in this chart shows monthly expenditure (both display and classified) in thousands of pounds at current prices, from January 1978 to March 1980 inclusive. The *bottom* diagram shows the numbers of enquiries received each month in hundreds.

For various reasons, one would not expect the two patterns to match exactly. For example the enquiries shown for each month include walk-ins to Careers Information Offices as well as return of coupons clipped from advertisements; and the monthly expenditure

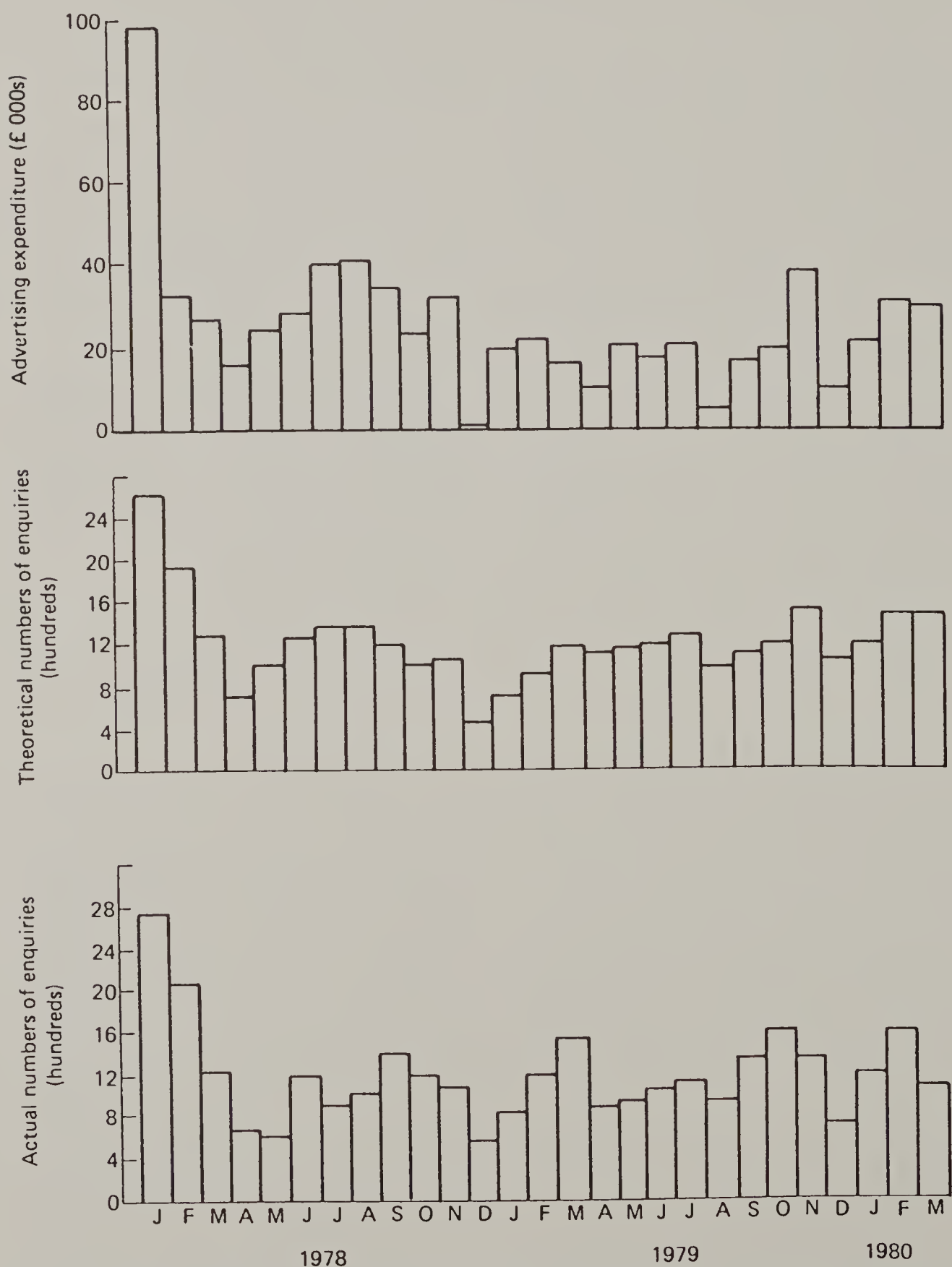


Figure 1. Relationship between monthly advertising expenditure and monthly enquiries.



totals include different mixtures of display advertisements (full pages or double-page spreads) and classified, which exhibit different levels of response per £ spent. Again, coupons from display advertisements tend to be returned a slightly longer time after their publication than those from classified advertisements. Furthermore, the ability to announce considerably improved rates of pay from March 1979 onwards raised the general levels of response after that time.

The *middle* diagram in Figure 1 shows the theoretical monthly pattern of returns, given the monthly pattern of advertising expenditure, once these other factors have been taken into account, and is helpful in predicting the level of enquiries which a given expenditure will generate. (The basis of this diagram is given in the appendix at the end of this chapter.)

Figure 2 provides a similar illustration of the link between the monthly

pattern of enquiries and the monthly pattern of returned application forms ('applications'). Here again the *top* and *bottom* diagrams show the actual numbers of enquiries and applications respectively received each month. The *middle* diagram (see Technical Notes) illustrates the theoretical monthly pattern of applications taking into account the time-lag between the receipt of an application form by an enquirer and its actual completion and return. The correlation is high, which means that the enquiries generated are valuable ones which result in genuine applications.

But it is not simply quantity that is required, it is quality as well. The number of enquiries needed to achieve one pilot selection in 1978 was 41. In 1979 it was even lower, with only 35 enquiries needed. Both these levels are considered to be very good by the Royal Air Force in the light of their past experience.

The average media cost per enquiry

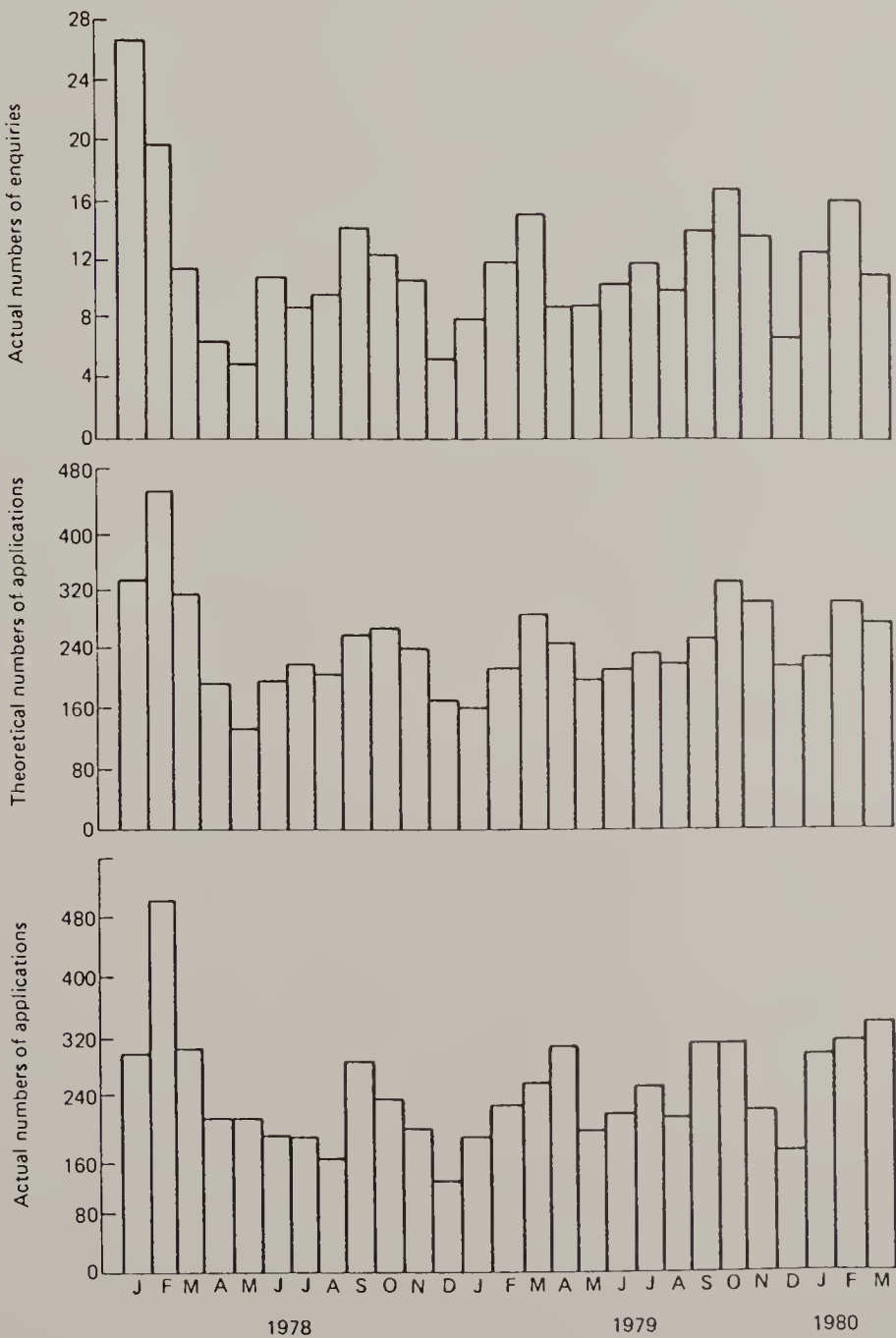


Figure 2. Relationship between monthly number of enquiries and monthly number of applications (in hundreds).

in 1978 was £43, and since 41 enquiries were needed to achieve one selection the advertising cost of the selection can be calculated as  $41 \times £43$ , or only £1,763. In 1979 the comparable cost figure was £1,610. These are minute sums in relation to the high cost (c £1m) of training a pilot, and of the aircraft which stand idle if insufficient aircrew are recruited.

There is also evidence that advertising effectiveness is directly related to the communication of the right message, in an outstanding way. It is not just a case of being seen.

To illustrate the point about communicating the right message we can look at the different costs per enquiry 'scored' by different advertisements. Take the case of a full-page black and white advertisement which ran in 1976 without an illustration of an aircraft. Instead, it contained a satellite photograph of England, and the headline read:

'We want high flyers who want  
to fly higher'

The cost per enquiry for this advertisement was £233.

Learning from experience and research, in 1979 the campaign included two full-page black and white advertisements which incorporated two important changes — different illustrations and different headlines. Dramatic eye-catching photographs of aircraft were used — of a Tornado with the headline

'A 22 year old could fly it'

and of a Hawk with the headline

'Getting here starts with a  
little application'

The cost per enquiry for these advertisements was £79 and £95 respectively. If media inflation were taken into account, the true comparative costs would be even lower.

These differences represented substantial improvements to the message, making it a lot more relevant and involving to our target audience. The photograph of England from a great height was replaced by dramatic photography of military aircraft, which we knew appealed to potential candidates, and elitism was replaced by reassurance in the headline, to make the skills required more achievable.

To illustrate the point about communicating the message in an outstanding way, the 1979 advertisement 'Getting here starts with a little application' was first run as a single page in black and white. The cost per enquiry was, as noted above, £95. It was then run as a double-page spread in colour — which highlighted more strongly the exciting and irresistible quality of flying. The cost per enquiry was reduced to only £59.

## SUMMARY

In summary, we submit that the variable of advertising input has been demonstrated to bear a direct relationship with recruitment achievement.

The number of enquiries generated bears a remarkably direct relationship to advertising expenditure despite the existence of other variables; and the quality of response is seen to be related to the communication of the right message, in the right way.



## APPENDIX: TECHNICAL NOTES

The middle diagram in Figure 1 is based on the results of a statistical technique known as multiple regression. This technique examines how the changes in one particular series of observations — in this case, the number of enquiries received each month — are related to those of a number of other series — in this case, the monthly patterns of advertising expenditure in particular. In other words, the technique attempts to ‘explain’ the movements of one series in terms of the others.

The result of this analysis is a mathematical equation which describes this relationship in average terms on the basis of past experience. This equation contains one constant term and a series of other terms which allocate ‘weights’ to the variable factors (such as monthly advertising expenditure) which are being used to explain the original series.

The equation which we derived from such an analysis of the data for the 27-month period January 1978 to March 1980 was as follows:

Theoretical number of enquiries received ‘this’ month  
 = 365 (the constant term in the equation)  
 + 17.4 *times* display advertising expenditure ‘this’ month (in £’000s)  
 + 3.8 *times* display advertising expenditure ‘last’ month (in £’000s)  
 + 39.3 *times* classified advertising expenditure ‘this’ month (in £’000s)  
 + 390 for advertisements from March 1979 onwards incorporating the improved rates of pay.

It is these ‘theoretical numbers of enquiries’ which are plotted in the middle diagram of Figure 1.

The constant first term in the equation (365) presumably reflects the numbers of enquiries generated by sources of information on career opportunities in the RAF other than media advertising, as well as those contributed by sustained advertising over a long period. The next three terms reflect the average contribution made in the short term by the monthly expenditure on advertising. The final term (390) reflects the boost to the monthly numbers of enquiries apparently contributed by the offer of substantially increased rates of pay from March 1979 onwards.

The middle diagram on Figure 2 is based on a similar type of analysis, this time relating the monthly numbers of *applications* to the numbers of enquiries received in previous months. The equation on which this diagram is based is as follows:

Theoretical number of applications received ‘this’ month  
 = 38 (the constant term in the equation)  
 + .0976 *times* the number of enquiries ‘this’ month  
 + .0813 *times* the number of enquiries ‘last’ month.

# Getting here starts with a little application.



*The first time in the Hawk we shot off down the runway, and went up like a lift. They said, "You won't know what's happening till you pass 10,000 feet."*

*Things were moving a lot more quickly than I was used to in the Provost. But after six hours, I was ready to go solo.*

*Of course you doubt yourself from time to time, but then you think of all the guys who've done it and before long you're up there with them.*

*Graham Wardell*

1LT LTJ GRHAM WARDLE, HAWK PILOT

**COULD YOU BE A FLYER?** Send this coupon to us now. We'll send you further information about Royal Air Force officer careers and an application form for our selection centre at Biggin Hill. If you really want to fly you must fill in this form. You may be just the man we want, but it's only by applying to see us that you'll know for sure.

**WHAT WE LOOK FOR.** In addition to your flying aptitude we are looking for initiative, leadership and, above all, a determination to succeed. Our training is designed to help you make the most of these qualities.

**WHAT TO EXPECT** The RAF offers you a very different lifestyle in a friendly and close-knit community, with the very best in sporting and social facilities. There is also the exhilaration of mastering a fast

jet aircraft. But being an aircrew officer demands more than this.

The RAF is a vital part of NATO's defensive deterrent – we need dedicated officers to ensure it remains so.

**SHORT SERVICE OR PERMANENT COMMISSION.** The gratuity-earning Short Service Commission, for twelve years with an option to leave after eight, is now open to both pilots and navigators. The pensionable 16-year commission, with opportunities for further service, remains unchanged.

**UNIVERSITY CADETSHIPS.** You can also be sponsored by the RAF while you study at University or Polytechnic, through our University Cadetship Scheme.

If you would like to find out more about RAF Aircrew officer careers, get in touch with your local RAF Careers Information Office – address in phone book – or send in the coupon to Group Captain T. R. Morgan RAF Officer Careers, (xxxx/x), London Road, Stanmore, Middx. HA7 4PZ.

Please send me information about: Aircrew officer careers ☐ University Cadetships ☐

Name \_\_\_\_\_ Date of birth \_\_\_\_\_ (Age limits 17-23½)

Address \_\_\_\_\_

Please enclose a separate note listing your present or intended qualifications. You must have 5 or more acceptable GCE O-levels at Grade C or above (or equivalent) including English Language and Maths. If you can offer A-levels or a degree, so much the better. Formal application must be made in the UK.



**RAF officer**



4

SHLOER:  
INCREASE IN SALES AS  
A RESULT OF A  
MEDIA CHANGE





## INTRODUCTION

Shloer Apple and Grape Juices are marketed in Britain by Beecham Foods. The advertising for this brand has been handled since 1974 by J. Walter Thompson and, until 1978, all advertising appeared in press.

In 1977, the performance of the brand, in terms of distribution and sales, and consumer awareness of the brand, were reviewed. For reasons which are detailed below, it was agreed that a TV commercial should be tested in the STAGS TV area, during the latter part of 1978, and sales monitored by the Beecham AMTES model. On the basis of the results in Scotland, a decision would be made as to whether to extend TV advertising to the rest of the country.

The results of the test were so positive that it has been agreed to extend advertising on TV to other parts of the country as soon as possible. The extension of the campaign was planned for 1979, but was thwarted by the TV strike. The campaign will therefore be extended from June 1980.

One of the major conditions for extending the campaign was that advertising should be financed by the brand with no additional investment made by Beecham Foods. In order to adhere to this, the extension of the advertising has been planned as a roll-out, starting with areas of strength. Scotland is the brand's strongest area, which is why it was chosen for the test. That a change in media strategy can affect awareness of the brand and generate new sales, thus enabling the brand to finance further support and create further growth, is the main argument of this paper.

## CONCLUSIONS

1. The TV test conducted in the STAGS area for Shloer had the effect of increasing sales at a 99.9 per cent level of confidence.
2. The increase in sales, at a 95 per cent level of confidence, was between 28 and 63 per cent. The most probable increase was 45 per cent. A 21 per cent increase was needed to break even on the advertising investment.
3. That advertising was directly responsible for this increase is the conclusion which can be drawn from the Beecham AMTES model. The effects

of price and distribution both for Shloer and the main competitor, Bulmers, and the effect of temperature, are discounted by this model as being insignificant.

4. In addition, awareness and penetration of Shloer increased in the test area, as measured by a pre- and post-check.
5. Sufficient funds have been generated by the STAGS test to justify rolling-out a television campaign across the rest of the country.

## BACKGROUND: THE BRAND PRIOR TO THE TV TEST

### Advertising History

Shloer Apple Juice was introduced into the UK in 1946 by H.W. Carter & Co. In 1961, the manufacturing, selling and distribution rights were bought by Beecham Foods.

The brand has been advertised in press for many years, but in 1974, when the account moved to JWT, a new campaign was developed which ran consistently until 1977 in black and white and in 1977 in colour. The campaign entitled 'Shloer and the Family', of which examples are included, appeared in the Sunday press.

Awareness of Shloer's advertising and of the brand itself was very low even among the target group of BC1 housewives, aged 20-45. A 1976 Usage and Attitude Study, which was conducted after the black and white campaign had run for two years, showed that only 54 per cent of the sample (which was drawn from the target group) had heard of Shloer, and of these only 34 per cent claimed awareness of the advertising. Only 29 per cent of those aware of Shloer who also read the media schedule recognized an example of the campaign. Clearly the advertising lacked impact.

It was lack of impact which first led Beechams to consider increasing the advertising budget in 1977-78. A translation of the existing campaign into half-page colour using the same schedule as before was agreed. Meanwhile plans for the development of a TV commercial went ahead.

### Sales and Distribution

Since Beecham Foods relaunched the brand in 1968 into its distinctive green,

wine-shaped bottle, sales of Shloer have shown steady growth, though from a very small base. In spite of low levels of awareness the brand's volume was increasing year on year, which gave Beecham and JWT the basis for optimism concerning the possible effect of a more impactful advertising campaign (Figure 1).

Shloer is clear — and a powerful argument in favour of stocking a brand is often the fact that the brand is receiving strong advertising support.

### Competition

Shloer has one major competitor, Bulmers' Apple and Grape Juice. The brand is in even smaller distribution

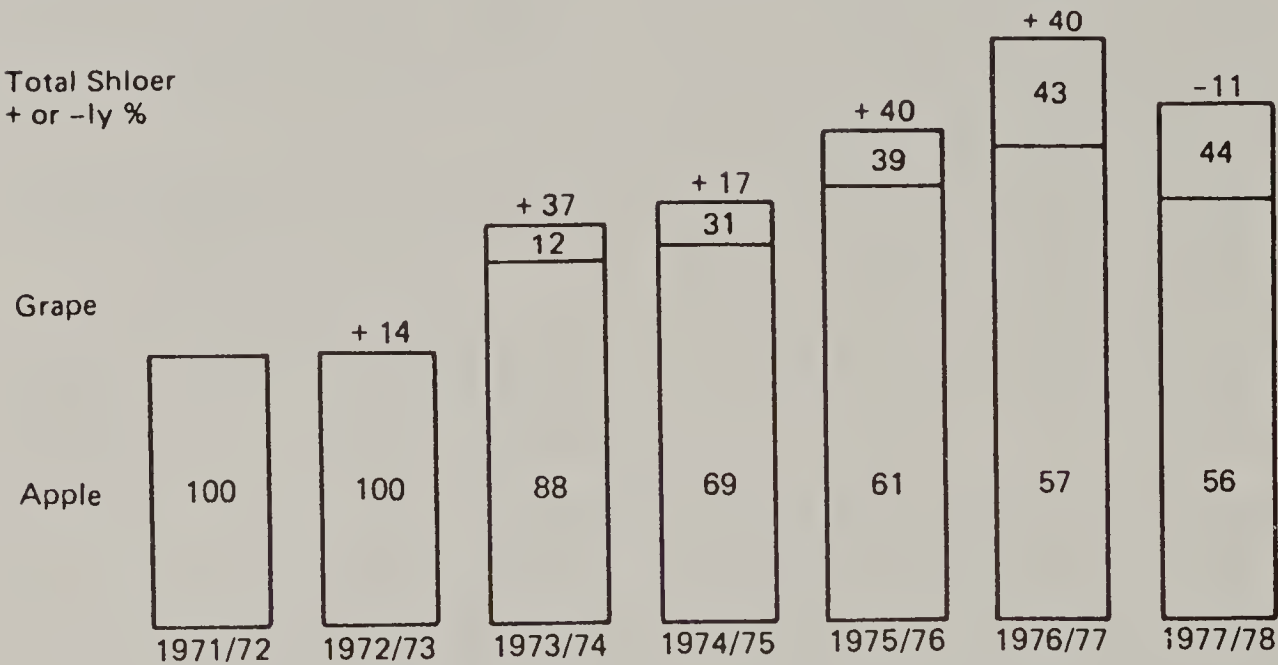


Figure 1. Shloer sales: apple and grape (%) (Nielsen).

The introduction of the grape variant in 1973-74 gave the brand extra sales, and grape now accounts for half of total Shloer sales in some areas of the country. Nevertheless, apple, too, increased its sales slowly. The very hot summers of 1975 and 1976 gave rise to increases in total sales year on year of 40 per cent, and although the brand lost volume in 1977-78, sales did not decline to their pre-1975 levels, thus indicating either an increase in frequency of purchase among existing users or an increase in the number of loyal users who were converted by trial during hot summers. Either way, the signs were optimistic.

The brand has suffered, however, from low levels of distribution. In 1974 sterling distribution was 53 per cent nationally, by 1978 it was still only 54 per cent. There were massive variations by region in both sales per head of population and distribution.

As can be seen from Table 1, the sales indices and levels of distribution are closely aligned: in general, with Southern the exception, the stronger the distribution, the better are the sales. The need to persuade the trade to stock

than is Shloer at around 25 per cent sterling, a level which, like Shloer, it has maintained without increase over a number of years. Bulmers have traditionally been strongest in the London area, with Scotland relatively weak.

In 1975 and 1976 Bulmers conducted a TV test in the London area, like Shloer following a strategy which capitalized on areas of strength (Table 2).

However, there has been no further advertising support of any kind for the brand since 1976 and we assume that the decision to discontinue the test results from there having been no apparent effect on sales. It is, of course, possible that, following the success of Shloer's advertising in Scotland, Bulmers may try again.

Although the total market increased when Bulmers entered in 1972 and has remained fairly steady since then, Bulmers share has declined (Figure 2). The introduction of a grape variant in 1976 did little to improve Bulmers' position, as it obtained a 4 per cent share against Shloer's 96 per cent. All the growth in the grape market has come from Shloer.



TABLE 1: TOTAL SHLOER SALES AND DISTRIBUTION PRE-TV TEST

	% sales	% population	Sales index 1977/78	% £ distribution at DJ 1978
Scotland	16	8.4	196	71
London	27	21.2	127	62
Yorks	10	10.0	100	54
Anglia	6	5.9	98	53
Tyne Tees	5	5.2	96	48
Southern	7	7.7	91	54
Lancs	12	13.3	90	43
W.W.W.	8	10.1	79	45
Midlands	9	14.9	60	46

Nielsen

TABLE 2: BULMERS' TEST MARKET

	Expenditure £	Housewife TVRs	Coverage	OTS
1975 August	27,300	450	82	5.5
1976 May-June	51,400	700	87	8

MEAL and JWT estimates

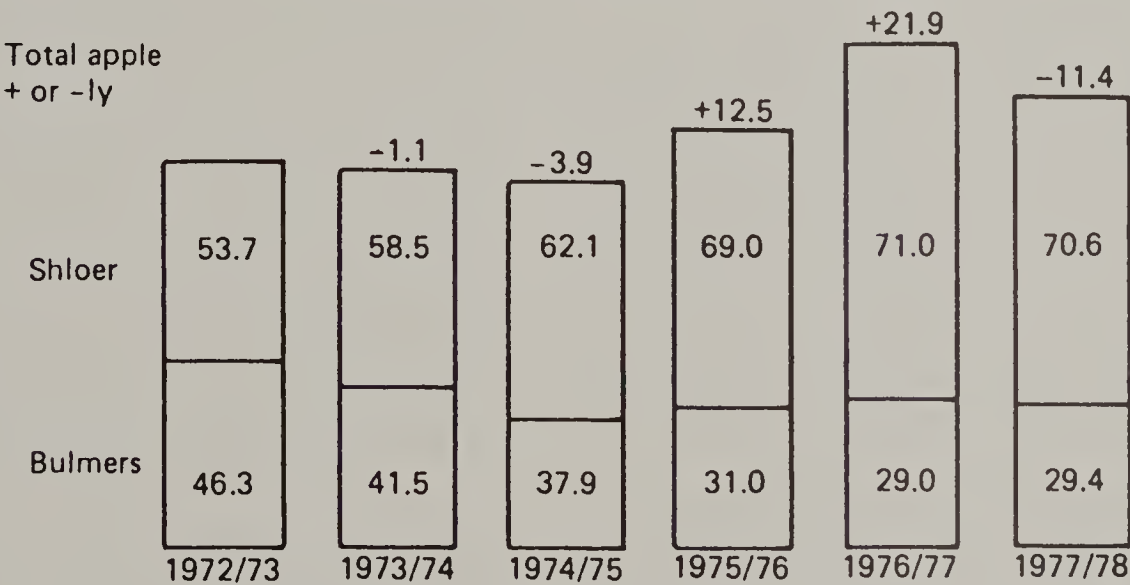


Figure 2. Shloer and Bulmers' Apple brand shares (Nielsen).

Penetration and Frequency of Purchase

Like awareness, penetration and frequency of purchase for Shloer are very low. The 1976 Usage and Attitude Study measured penetration of the target group over twelve months as 22 per cent for Apple and 6 per cent for Grape. Only 20 per cent of those who bought Shloer Apple bought it once a month or more. The figure for Grape was slightly higher, at 31 per cent.

Seasonality

Shloer sales are highly seasonal, demonstrating regular sales peaks during the summer and at Christmas. Figure 3 shows the seasonal pattern, averaged over four years.

THE SHLOER TV TEST

Shloer's history pre-1978 had shown a steady increase in sales, from a very small base. It was, however, agreed that the brand could benefit not only from improved distribution, as those areas where the brand was strongest had better-than-average distribution already, but also from far greater awareness of the brand.

1978 Marketing Objectives

- 1. To increase profit margin.
- 2. To increase volume sales.
- 3. To broaden the consumer franchise by achieving substantial increase in penetration and frequency of purchase.

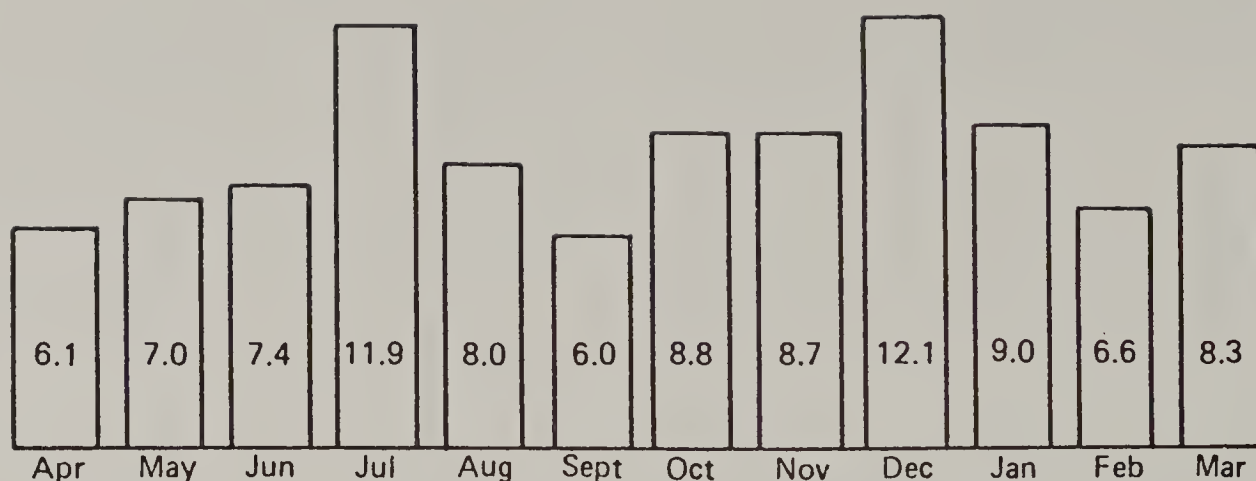


Figure 3. Average monthly sales, as a percentage of total annual sales (Beecham Statistics).

#### 4. To increase Shloer's distribution within the grocery trade.

(For reasons of confidentiality, the actual levels of desired increase have been left out)

It was believed that increased investment in advertising would perform a major role in the achievement of the above objectives.

During 1978, therefore, the press campaign was continued nationally, still using the 'Shloer and the family' cartoon strip, in half-page colour in the three Sunday supplements. Colour was adopted as a means of improving visibility and impact.

But in the long term, it was agreed, greater investment was required if the above objectives were to be achieved.

It was decided that press could not achieve sufficient impact or visibility to promote the growth in trial which was needed if the brand were substantially to improve its consumer franchise, and it was therefore agreed to conduct a test in a different medium in one area, to see if a change in medium would effect a notable increase in consumer offtake.

Television was selected as the medium most likely to assist in the achievement of the above. It was believed that television advertising would

- (a) offer a wider target audience
- (b) give greater impact
- (c) provide the trade with a reason to stock Shloer.

In the event of television advertising resulting in an increase in sales in the selected area, the campaign would be extended to other parts of the country.

#### The Selection of STAGS

Shloer is a small brand, and therefore cannot afford a large advertising budget. But more importantly, it was firmly believed by Beecham Foods that the brand should be self-supporting in all its advertising and promotional activity.

Television advertising at a national level was therefore unlikely to be affordable to Shloer for a number of years. A plan was therefore adopted whereby, in order eventually to fund TV advertising nationally, the advertising capitalized initially on areas of strength for the brand. Thus sufficient profit would be generated year by year to be able to afford to fund, as the campaign progressed, weaker areas, and eventually to sustain a national campaign.

STAGS has for many years been the area of greatest strength for Shloer, both in sales and distribution, and was therefore selected as being the most cost-effective area for a TV campaign, in terms of the likely return on investment to be expected from such a campaign.

Equally, in the event of the campaign effecting no sales growth, or not enough to merit a continuation, the amount of money lost on such a test would be smaller in STAGS than in other areas of strength, such as London or Yorkshire.

#### Advertising Objectives

1. To increase sales of Shloer.
2. To increase awareness and penetration of Shloer among non-users in the target group.
3. To improve attitudes to Shloer among those already aware.



After evidence of success the campaign should extend into other areas of the country.

Target Group

The target group for the TV test was the same as that for the press campaign. It was defined as: ‘Housewives, primarily those with a growing family, 25-45 years old, with middle-class values or aspirations.’

Creative Strategy

The creative strategy was simple a translation of the press campaign, the desired response to which was ‘Shloer is a light, refreshing, natural drink, to be drunk whenever the whole family is together.’

It was important that the creative strategy did not change, as the test was of the media strategy.

Media Strategy

The media selection was dictated by the nature of the test, as was the selected area.

The 30 second commercial ‘Thankful’ was aired in STAGS for a total of ten weeks. This was broken into three bursts in June, August and December, to cover the main sales peaks of the year. Net expenditure was £21,700, which delivered a total of 1,170 housewife TVRs, 90 per cent coverage, and 13 average OTS.

EVALUATING THE CAMPAIGN

Sales Increases

In order to evaluate the effect of the TV campaign on sales of Shloer, a total of 27 Nielsen periods were used to record consumer sales, from December/January 1974 to April/May 1979. Nielsen data were recorded in both test and control areas.

The earliest 21 periods (up to and including April/May 1978) will be referred to as the pretest period. The six periods from June/July 1978 to April/May 1979 are considered to be the test period, as they cover one year’s sales from the start of TV advertising in June 1978.

The simplest way of looking at these data is to compare percentage changes year-on-year in sales in both the test and control areas, using an annual average.

As can be seen from Figure 4, annual levels of growth were declining in the test area for the three years prior to the TV test. During the test period, however, sales in the test area increased by 24 per cent on the previous year, whereas in the rest of the country they continued to decline.

A further way of examining the effect of the test is to look at the share of sales which existed in Scotland against the share in the rest of the country. The graph in Figure 5 shows Scotland’s share both during the pretest and the test periods. Up to June 1978, the share was relatively stable, with the exception of two sharp increases in share which occurred during the summer and Christmas periods in 1977-78. However, looked at as an annual average on the same basis as Figure 4, Scotland increased its share of Shloer sales during the test period by 27 per cent on the previous year.

The AMTES Evaluation of Sales

In addition to the above analysis of sales and share increase, the Beecham AMTES Model (Area Marketing Test Evaluation System) was used, in order to ascertain the exact levels of increase which could be attributed to use of advertising, and in order to screen from the analysis the other variables which might have affected sales in the test area.

The specific purpose of the Beecham AMTES model is to measure *the effect of advertising on sales*. In order to do this, any variables which are likely to affect sales, other than the advertising, are introduced into the computer alongside the sales data for both test and control areas. In the case of Shloer, the variables which were included as likely to affect sales were:

- Price — Shloer — Bulmers
- Distribution — Shloer — Bulmers

Temperature (included because of the highly seasonal nature of sales which increase during summer and at Christmas).

According to AMTES, the effect of the variables of price, distribution and temperature were so small as to be

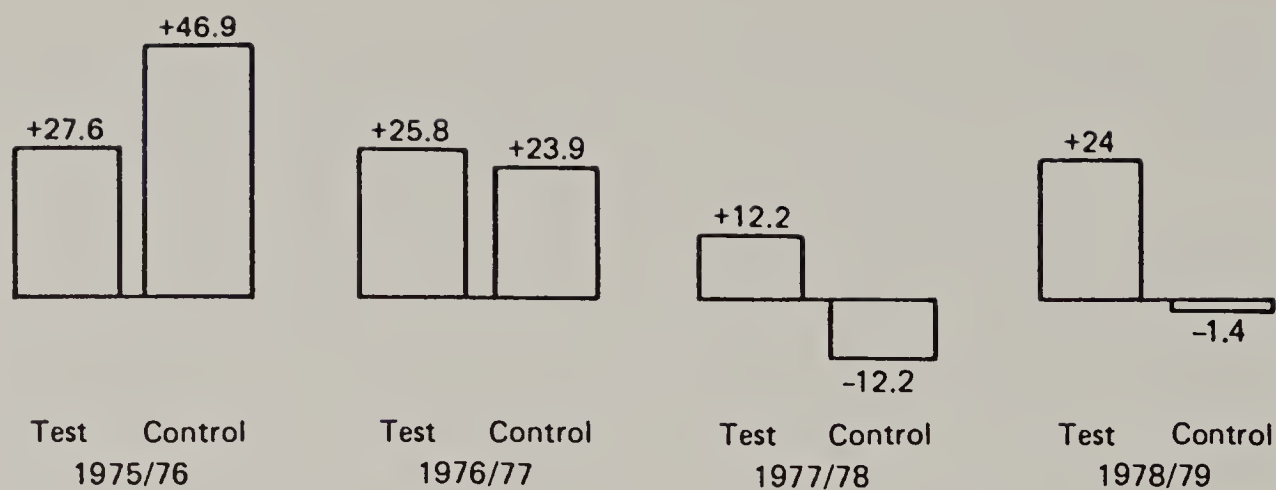


Figure 4. Percentage changes in sales year-on-year (year beginning June/July) (Nielsen).

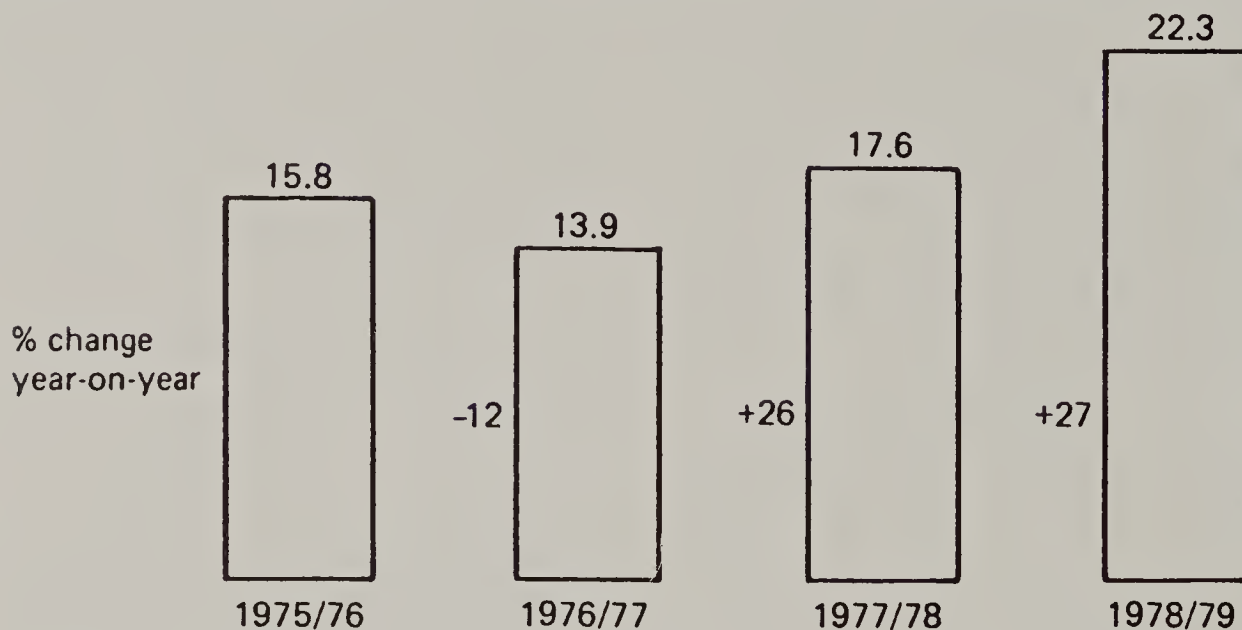


Figure 5. Scotland's share of Shloer sales (year beginning June/July) (Nielsen).

almost totally insignificant, and any increases or decreases in sales in the test area, both during and prior to the advertising, could not be attributed to any of these. The increases, therefore, which have already been noted in the test area during the test period, can, according to the AMTES model, be attributed only to the advertising. Figure 6 shows how actual sales increased against a straight line which AMTES projected as being the likely progress of sales had the advertising not occurred, calculated on the performance of the brand during the 21 pretest Nielsen periods.

Although, as can be observed from the graph, sales during the summer and Christmas periods in 1977-78 had increased against the previous years' peaks, the overall increase in sales for that year was far smaller than for 1978-79 — the dips between the seasonal peaks were much less marked during the test period. The AMTES analysis demonstrated not only that sales were up 24 per cent on the previous year, and the share up by 27 per cent, but also that *the advertising* accounted for an increase in sales of between 28 and 63 per cent. This was based on the straight-line projection from the data of the

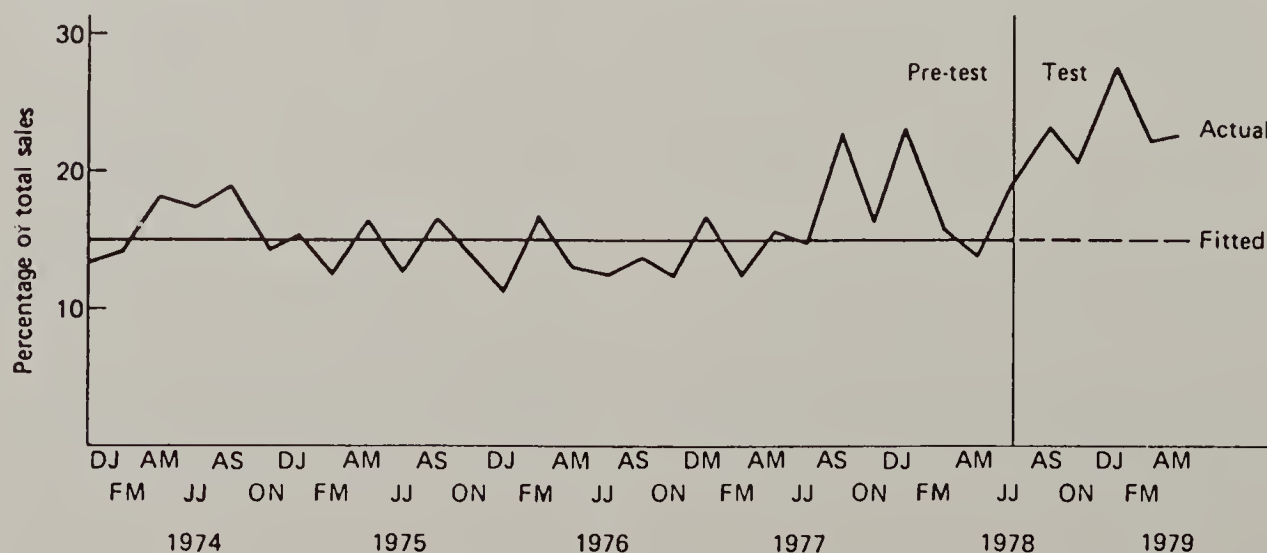


Figure 6. Shloer sales in the test area as a percentage of total sales.



previous four years and the state of sales in the control area, which, as has already been demonstrated, were in decline, and this analysis of the advertising contribution was projected at a 95 per cent level of confidence.

The most probable increase in sales in the test area resulting purely from the advertising is, according to AMTES, 45 per cent. This presupposes a probable decline in sales in line with the rest of the country had the advertising not occurred.

In order to break-even against the advertising investment, an increase of 21 per cent in sales was required. This was calculated on the basis of how much extra profit needed to be generated in order to cover the cost of TV airtime. In fact, it would appear that the test not only broke even but was profitable, and the possibility of extending the test to other areas was thus feasible. The marketing objectives of increasing profit margins and volume sales were met in the test area, and the foundations laid for meeting the longer-term objectives of increase in distribution, penetration and frequency of purchase.

**Meeting the objectives of increased awareness and penetration**

In addition to the AMTES analysis, a pre-and post-awareness and penetration check was carried out in Scotland. The pre-test was conducted between 26th June and 5th July, and the post-test after two bursts from 25th September to 4th October, using a sample of 500 women throughout the STAGS area.

Total awareness of Shloer rose from 36 per cent to 51 per cent post advertising. Increase was noted in particular among the 15-54 age groups (Table 3).

Penetration of Shloer rose from 23 to 30 per cent, again the main increases being in the 15-54 age group (Table 4).

Immediately after the TV advertising in STAGS during the summer of 1978, we saw an increase in both awareness and penetration of Shloer, and were thus confident that the second of the advertising objectives had been met.

**EXTENDING THE CAMPAIGN**

Because Scotland is the strongest area for Shloer sales, it was possible not only to break even, but to create substantial profit during the test period. The AMTES analysis concluded that the chances of achieving break-even nationally during the same period would be about 3 in 20, as an increase of 55 per cent in volume sales would be required. However, by taking one area at a time, working through areas of strength and maintaining the campaign in Scotland, it would be possible to generate sufficient funds for a roll-out across the country. This strategy has been adopted, and commenced in June 1980.

TABLE 3: TOTAL AWARENESS OF SHLOER BY AGE

		Total	15-34	35-54	55 +
June	%	36	46	33	27
September	%	51	66	56	34

Beecham/Systems 3

TABLE 4: PURCHASE OF SHLOER (EVER BOUGHT)

		Total	15-34	35-54	55 +
June	%	23	27	23	18
September	%	30	37	33	21

Beecham/Systems 3



# BEECHAMS SHLOER

## "THANKFUL" 30 SECONDS



**MAN :** What good fortune a fine. . .

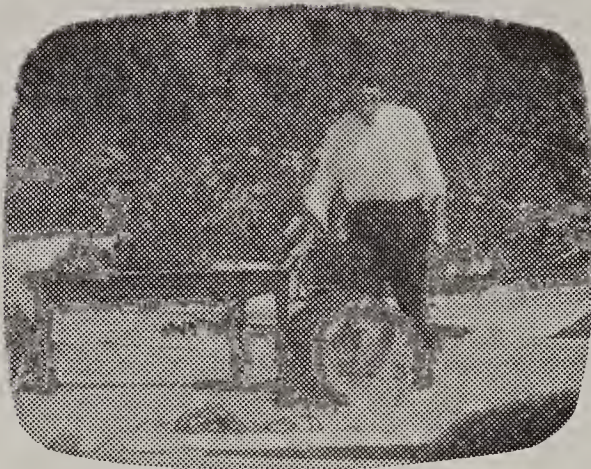
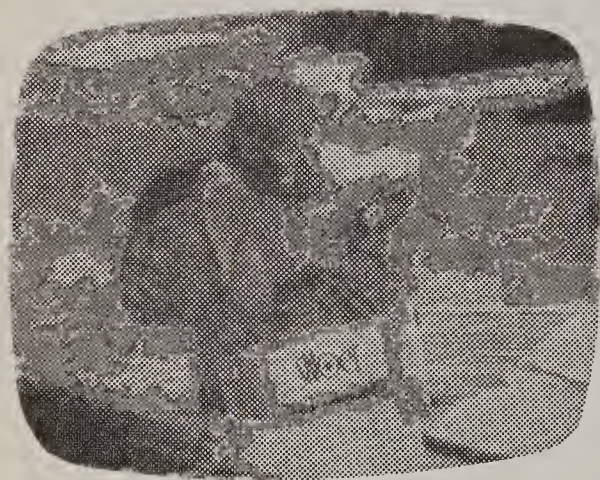


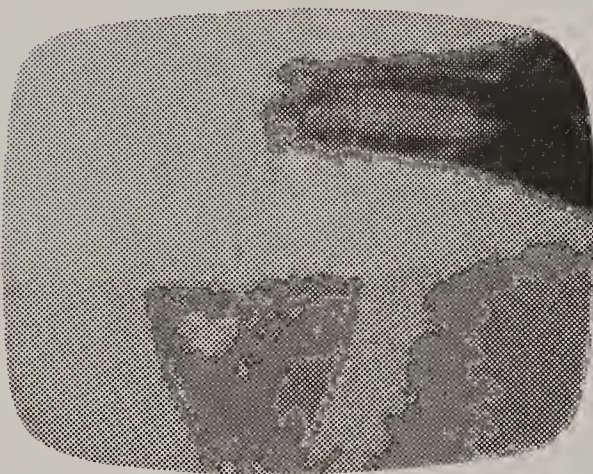
table off the old ship.



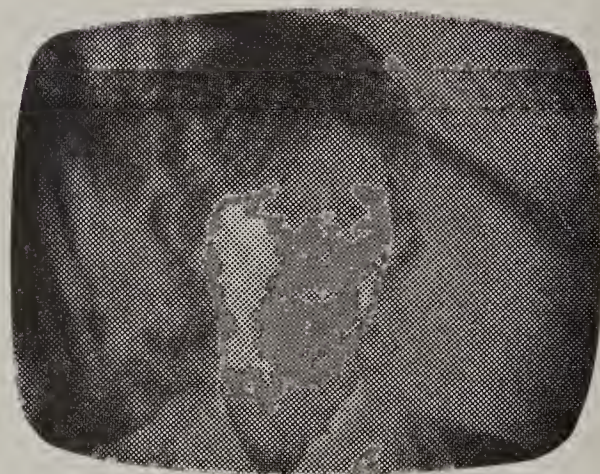
**WOMAN :** Oh and a crate of Shloer too!



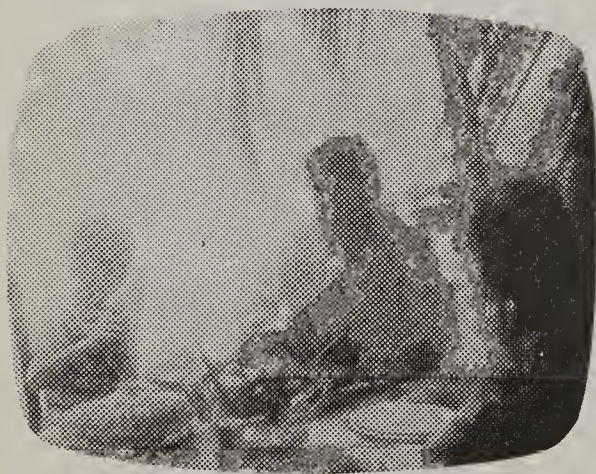
All cooled by the ocean.



Shloer: a drink from the juice of pure apple; with a flavour light and delicate and softly sparkling.



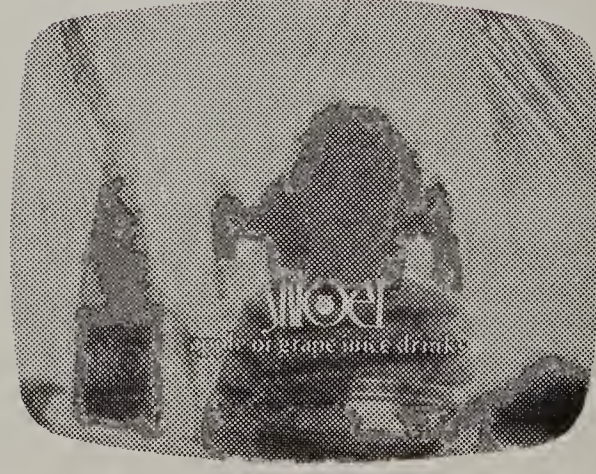
**MAN :** There's much to be thankful for



a good family, good fare and good cheer. What more could a man ask for?



**BOY :** I suppose a television set is . . .  
out of question ?



**FREEZE FRAME SUPER SHLOER**  
Apple or Grapefruit juice drinks.



5

HOW GENERIC  
ADVERTISING FOR  
BREAD CAN BE SEEN  
TO WORK





## INTRODUCTION

This case history traces the fortunes of the bread market since the formation of the Bread Advisory Group in 1979 to mid-1982.

It shows how sales and consumer attitudes were improved by advertising in a particularly difficult environment, beginning from a start point of long-term decline in consumption, conspicuously negative attitudes towards the product and hostile media.

Nor was this an overnight success, as the latest research shows further gains in image for bread long-term, a strengthening of positive attitudes and sales continuing to increase.

## BUSINESS BACKGROUND

The Bread Advisory Group was formed in 1979. It is an independent committee formed by millers and bakers to sponsor the generic advertising and organize publicity activities for bread. The funds for these activities are provided by members of the Federation of Bakers and of the National Association of British and Irish Millers. The reasons for the formation of the Bread Advisory Group in 1979 lay in the decline of bread consumption. Consumption had been declining for a long, long time, in fact since the Victorian era. This decline became most serious in the late 1960s and early 1970s.

The Bread Advisory Group's agreed objectives were to educate people about the nutritional value of bread and to correct some of the misconceptions concerning it, and to promote the consumption of all bread: white, brown and wholemeal.

## MARKETING AND ADVERTISING OBJECTIVES

### The Extent and Nature of the Decline

The long-term decline in bread consumption can be monitored by referring to National Food Survey data. Taking the period 1968-78 the data show the decline to have been in the order of 15 per cent, from an average of some 38 oz per person per week in 1968 to 32 oz in 1978. This decline had been gradual year over year and showed no signs of stopping, although the *rate* of decline slowed after 1971. To put it into

perspective everyone was eating about one small loaf less *each year*.

In an attempt to gain further insights into the *relative* importance of the various factors contributing to the decline in consumption of bread over that decade, we set out to 'model' the market. Using just three variables — changes in people's real disposable income, changes in the actual price of bread, and mean temperatures — we were able to forecast bread consumption with surprising accuracy (we achieved a correlation of 0.92; the limit the data would allow for is a correlation of around 0.95). (See Figure 1.)

These three factors are associated with around 85 per cent of the volume of bread consumed in any given quarterly period from 1968 up to the end of 1978. Of these influences by far the most important is *personal disposable income*, or standard of living. As personal disposable income rises then bread consumption tends to fall. People prefer to trade up to eat more interesting and expensive foods rather than basic commodities when the money is available — even confectionery, for instance, can then replace bread in the diet. On the evidence of this model about two-thirds of the decline in bread consumption is attributable *directly* to increases in the standard of living.

### Consumer Attitudes

So, historically, the better off people were, the less bread they ate. However, of themselves, these observations do not *explain* bread's decline, so we needed to look at consumer attitudes to examine *why* these problems existed. Qualitative research indicated that whilst people liked bread and indeed would like to eat more of it, critical public attitudes were confusing and irritating them. These were, firstly, that bread — and especially white bread — provided relatively little nourishment, but was a very palatable, filling (and potentially fattening) food; secondly, that white sliced wrapped plant-baked bread was a particular culprit and a travesty of the real thing.

As a result all bread was undervalued: not just in terms of its importance in people's diets but, more importantly, undervalued against other foods;

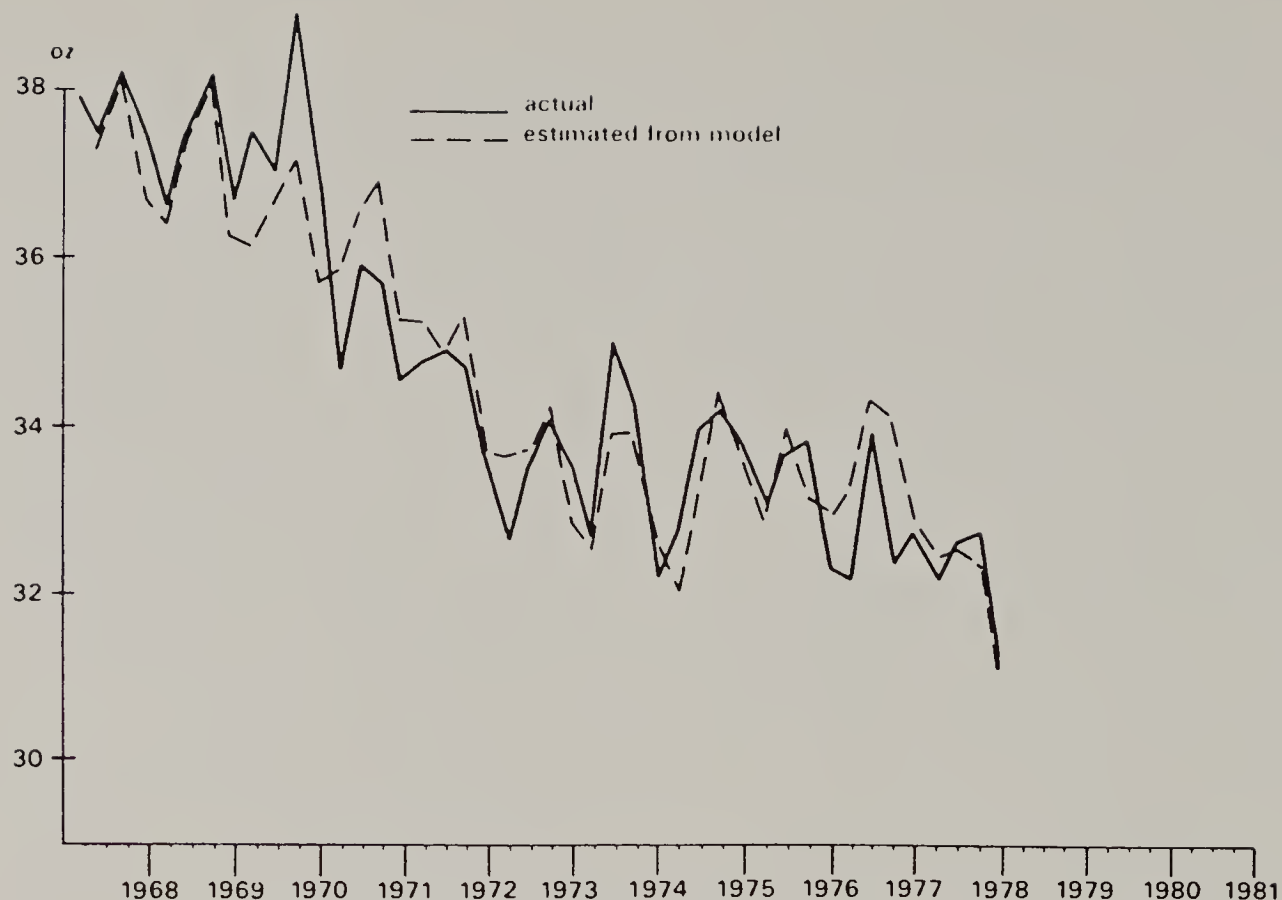


Figure 1. Consumption of bread (oz per person per week). Source: NFS, JWT.

its intrinsic nutritional worth was not known and appreciated. Few housewives believed bread to be a source of protein. Further, whilst bread was top of the list as a source of carbohydrate and calories, these were not necessarily associated with 'energy'.

The myth of bread as 'empty' calories, actively fed by the media, took root in contradiction both to its real importance as a food and the widely held belief that bread was a basic, staple food: the 'staff of life'.

#### Campaign Objectives

Given the stimulus of a group discussion, people will freely admit their *love* of bread. They enjoy eating it. It is almost universally acceptable. It is convenient and versatile, *and* each *type* of bread has its own set of favourable attributes.

Bread was the unsung hero. Bread was still referred to as the 'staff of life' — people wanted to be 'allowed' to eat more of it.

So we needed to get people to *value bread more*. We decided that we had to tackle the problem by reassuring people of bread's intrinsic goodness. By bridging the huge gap in the reputation of bread — between its *real* value as a source of energy and body-building protein and its perceived lack of value as empty calories — we believed we could 'free' people to enjoy bread.

In terms of setting marketing objectives for the campaign we were uncer-

tain precisely what we could realistically expect to achieve given the long-term, hardened decline in bread consumption. What was clear to us was that the decline had to be stopped, but could we hope for an *increase* in consumption?

#### CREATIVE STRATEGY AND EXECUTION

One possible way to get bread valued more would have been to remind people of just those satisfactions of enjoying bread that they were missing — for example, a campaign along the lines of 'imagine a world without bread' or 'a hundred new ways to serve bread'. But this could have done little, if anything, to allay people's worries about bread and would have run the risk of positioning bread more as an unobtrusive ingredient rather than as a fundamental food.

So, the communication objective we set can be summarized as follows: 'To reassure people that bread is justifiably man's basic food and in so doing get them to value bread more highly.'

The role for advertising was to inform people of bread's *intrinsic* value (in its own right and in relation to other foods).

The target group for such a task could hardly be narrowed below 'all adults', although women, as the main providers of food for the household,



were regarded as slightly more important than men.

### Advertising Content

The campaign was geared around the theme of 'The Family's Greatest Supporter' using an initial launch pool of three television commercials (30, 40 and 45 seconds) and two double-page-spread colour magazine advertisements.

The advertising featured a giant loaf-shaped visual device composed of dozens of different sorts, shapes and sizes of breads. This was 'built' in the launch commercial 'Building Bricks' by our 'family'.

Bread was presented in the advertising as historically man's basic food, made from simple, natural ingredients. It was shown to be an important source of energy, and to provide more protein penny for penny than other basic foodstuffs such as cheese, fish, meat, milk and eggs.

The press advertising concentrated on the great nutritional value of bread in the diet for young and growing children.

## MEDIA STRATEGY

### Target Group

We needed to reach all adults but particularly heavy bread buyers. As heavy bread buyers are also heavy ITV viewers we felt we needed to spend most of the allocated budget on television advertising.

By supporting this with women's magazine advertising we could not only expand the nutritional story creatively but also ensure coverage of light ITV viewers.

### Budget

The television campaign was launched in October 1979 and was followed by two further bursts in January and April 1980.

£1.1 million was spent on television advertising during this period, achieving 1400 TVRs.

A further £150,000 was spent on the magazine advertising which ran March to May 1980.

## CAMPAIGN EVALUATION

### Introduction

Before reviewing the details of campaign evaluation it is worth while briefly con-

sidering some additional background factors.

### ADVERTISING FOR BRANDED WHITE BREADS

Expenditure declined during the late 1970s but substantially increased to £2.2 million in 1980 with the launch of the Sunblest and Mothers Pride long loaves. However, whilst this undoubtedly added 'interest' to the market it could hardly have been responsible for any increase in consumption:

- (a) the announcement of the availability of the new long loaves could have done little to affect consumers' attitudes regarding the nutritional value of bread;
- (b) if anything the launch would have tended to *depress* consumption since a long loaf has up to a third more slices than a standard loaf (although it is the same weight) — and people eat bread by slices not weight. During the last six months of 1981 the two long loaves shared 24 per cent of the wrapped bread market.

### THE POSITION OF BROWN BREADS

It is well known that consumption of brown breads has increased significantly over recent years. However, these are increases on a relatively small base as brown currently holds only 16 per cent of the market according to AGB. So despite the great success of brown, sales analysis shows that the changes that took place in the total wrapped bread market came from both brown and white bread.

### QUALITATIVE RESEARCH

Qualitative research was conducted for us by independent researchers on a regular basis from 1978 onwards, well before the break of generic advertising. The tone of these findings changed quite dramatically over the course of time. Attitudes towards bread were changing at a fundamental level: from being almost universally denigrated pre-campaign, even by users, white bread came to be regarded as a 'respectable' and valued commodity; brown was consistently seen as that bit better.

### Evaluation Methodology

It was agreed beforehand that our advertising would be evaluated using

three different measurements:

1. Monitoring consumer attitudes. The specific objective of research in this area was to gain insights into how quickly the gap between bread's reputation and its real worth was closing. We therefore sought to quantify attitudes in two important areas:
  - bread's perceived goodness or worth compared with other basic foods;
  - perceptions of the value of different sorts of breads and their importance in the diet (since the advertising was designed to promote all sorts of bread).

In order to get this information we used an omnibus survey of 2000 adults (1500 housewives plus 500 men). We used British Market Research Bureau's Access omnibus.

2. In order to monitor the actual consumption of bread we relied on the quarterly estimates provided by the National Food Survey. The mathematical model of the trends in bread consumption which we developed played a key role in the monitoring process since it enabled us to estimate what the consumption of bread *would have been* had no advertising activity been undertaken, and thus to estimate the effect of the advertising activity.
3. To supplement the National Food Survey data (which cover all bread consumption) we had available AGB panel data. These cover *wrapped* bread consumption only but have the advantages of early availability of results and analysis by month.

#### CONSUMER ATTITUDES

The first quantitative survey was conducted before the break of any generic advertising for bread in September 1979. This survey was repeated exactly in May 1980 after the campaign had finished running. In order to eliminate any possible confusion in the minds of respondents and give ourselves the toughest possible test (since we knew from qualitative research that white bread was generally considered less good than brown bread) we used the term 'white bread' throughout this particular piece of research. The questionnaire was piloted beforehand in order to assure

precise and meaningful terminology.

The results indicated a marked improvement in bread's position compared with the pre-launch baseline check. Whilst bread's image was still inferior to those of eggs, meat or milk, the gap had narrowed considerably. This was due entirely to the gains made by bread as the images of the other foods measured showed little or no change. With regard to the ratings as a source of protein and energy, substantial improvements were noted for all types of bread, while the ratings for other foods had changed very little.

For the sake of simplicity all the figures quoted below refer to housewives. In all instances the figures for men were similar.

#### Foods as a source of protein and energy

Here we asked people to give marks out of 10 according to how good they thought selected foods were as a source of protein and energy. (A change in the mean scores of 0.2 is significant at the 95 per cent level of confidence.)

The results showed that while white bread was still considered to be far less good as a source of protein and energy than eggs, meat or milk, its ratings had improved considerably since the baseline check, to be above those of potatoes (Table 1).

#### Images of foods

Here we asked people to respond to statements on a five-point agree strongly to disagree strongly scale. (A change in the scores of four percentage points is significant at the 95 per cent level of confidence.)

White bread's image improved significantly on every dimension measured with the exception of 'fattening' which was static (Table 2). In fact, our advertising did not aim to tackle this issue head-on. We believed that to have done so would have been incredible to consumers and, moreover, would have caused adverse media comment.

Meanwhile, eggs recorded *no* significant changes whatsoever, whilst meat and milk each recorded significant changes on just *one* dimension. Moreover, from being in a position *behind* potatoes in image, white bread was now ahead on every dimension bar one.



TABLE 1: FOODS AS A SOURCE OF PROTEIN AND ENERGY BEFORE AND AFTER ADVERTISING

Mean scores (marks out of 10)	Protein		Energy	
	Pre	Post	Pre	Post
White bread	4.8	5.9	5.4	6.1
Eggs	8.4	8.6	7.5	7.7
Meat	8.9	9.0	8.3	8.3
Milk	8.6	8.8	8.5	8.7
Potatoes	4.8	5.4	5.6	5.8

Source: Access

TABLE 2: AGREEMENT WITH STATEMENTS ABOUT FOODS

Statement	Percentage strongly agreeing or agreeing									
	White Bread		Eggs		Meat		Milk		Potatoes	
	Pre	Post	Pre	Post	Pre	Post	Pre	Post	Pre	Post
An essential part of a well-balanced diet	48	60	86	89	87	88	92	92	54	59
Good for body building	48	60	87	89	93	92	93	94	48	52
Good value for money as regards nutrition	51	63	92	93	73	70	93	94	59	66
Good for growing children	63	74	93	95	89	90	95	95	69	73
Everyone should eat some every day	48	58	61	63	70	70	88	88	40	44
Does not have much food value in it	44	34	17	16	15	14	14	14	41	37
Fattening	74	73	17	17	20	25	53	61	76	74

Source: Access

Particularly encouraging was respondents' *strength* of agreement with the statements and the degree of change recorded here. It was quite clear to us that changes had taken place in the market and that bread's position had improved dramatically (Table 3).

Assessments of different sorts of bread

Here we asked people to give marks out of 10 again according to how good they thought different sorts of bread were as a source of protein and energy.

TABLE 3: STRONG AGREEMENT WITH STATEMENTS ABOUT WHITE BREAD

	Pre %	Post %	Change %
An essential part of a well-balanced diet	18	31	+ 13
Good for body building	16	26	+ 10
Good value for money as regards nutrition	21	31	+ 10
Good for growing children	29	42	+ 13
Everyone should eat some every day	22	31	+ 9
Does not have much food value in it	15	10	- 5
Fattening	46	43	- 3

Source: Access

Each of the three types of bread covered in the survey reflected the improvements in protein and energy ratings notes for white bread (Table 4). Whilst brown bread was still rated considerably higher than white sliced bread, it was particularly important that we could identify significant changes in attitudes across the spectrum: it was clearly not just one sector that was benefiting.

this we have used the model to calculate ‘hindcasts’ of estimated consumption *had there been no advertising support*. Because personal disposable income was falling during this period, the hindcasts anticipated an increase in bread consumption. However, *actual* consumption was higher than this model estimate in seven out of nine quarterly periods following the break of advertising. The analysis shows the difference

TABLE 4: DIFFERENT BREADS AS A SOURCE OF PROTEIN AND ENERGY

Mean scores (marks out of 10)	Protein		Energy	
	Pre	Post	Pre	Post
White sliced	4.9	5.9	5.2	6.0
White unsliced	5.2	6.3	5.5	6.3
Brown	7.2	7.9	7.1	7.7

Source: Access

THE MODEL AND ACTUAL CONSUMPTION

Analysing trends on National Food Survey data — which are reported on quarterly — and the model results is, of course, decidedly hazardous in the short-term. Fortunately, we are now in a position to look at the results over a two-year period, from the final quarter of 1979, when the first advertising broke, to the end of 1981. It should be said at this stage that the same television and magazine advertising was run as for the launch period in a second phase campaign from October 1980 to May 1981 with a total budget of £1.3 million. There was no advertising at all during the remainder of 1981.

Table 5 shows the actual consumption of total brand as recorded by the National Food Survey by quarter since generic advertising began. Alongside

this made, indicating that *despite* an expected increase in consumption due to falling personal disposable income, without advertising support consumption would have been significantly lower than was actually the case.

This is demonstrated graphically in Figure 2.

Due to fluctuation of consumption by season, it is difficult to spot the real trends long-term from these quarterly figures. However, by looking at annual consumption data, it can be seen that the decline was less in 1980 than in previous years and has almost been stopped (Table 6). By the end of 1981 this had been turned into a small *increase* in consumption.

WRAPPED BREAD CONSUMPTION

The sorry state of the market in the late

TABLE 5: ACTUAL BREAD CONSUMPTION AND MODEL HINDCASTS

	oz/person/week		
	Actual	Model hindcasts	Difference
4th Qtr 1979	30.99	29.68	+1.31
1st Qtr 1980	30.75	30.05	+0.70
2nd Qtr 1980	30.51	30.95	−0.44
3rd Qtr 1980	31.51	31.11	+0.40
4th Qtr 1980	31.69	30.33	+1.36
1st Qtr 1981	30.76	30.20	+0.56
2nd Qtr 1981	31.80	31.68	+0.12
3rd Qtr 1981	31.38	31.72	−0.34
4th Qtr 1981	30.99	30.74	+0.25



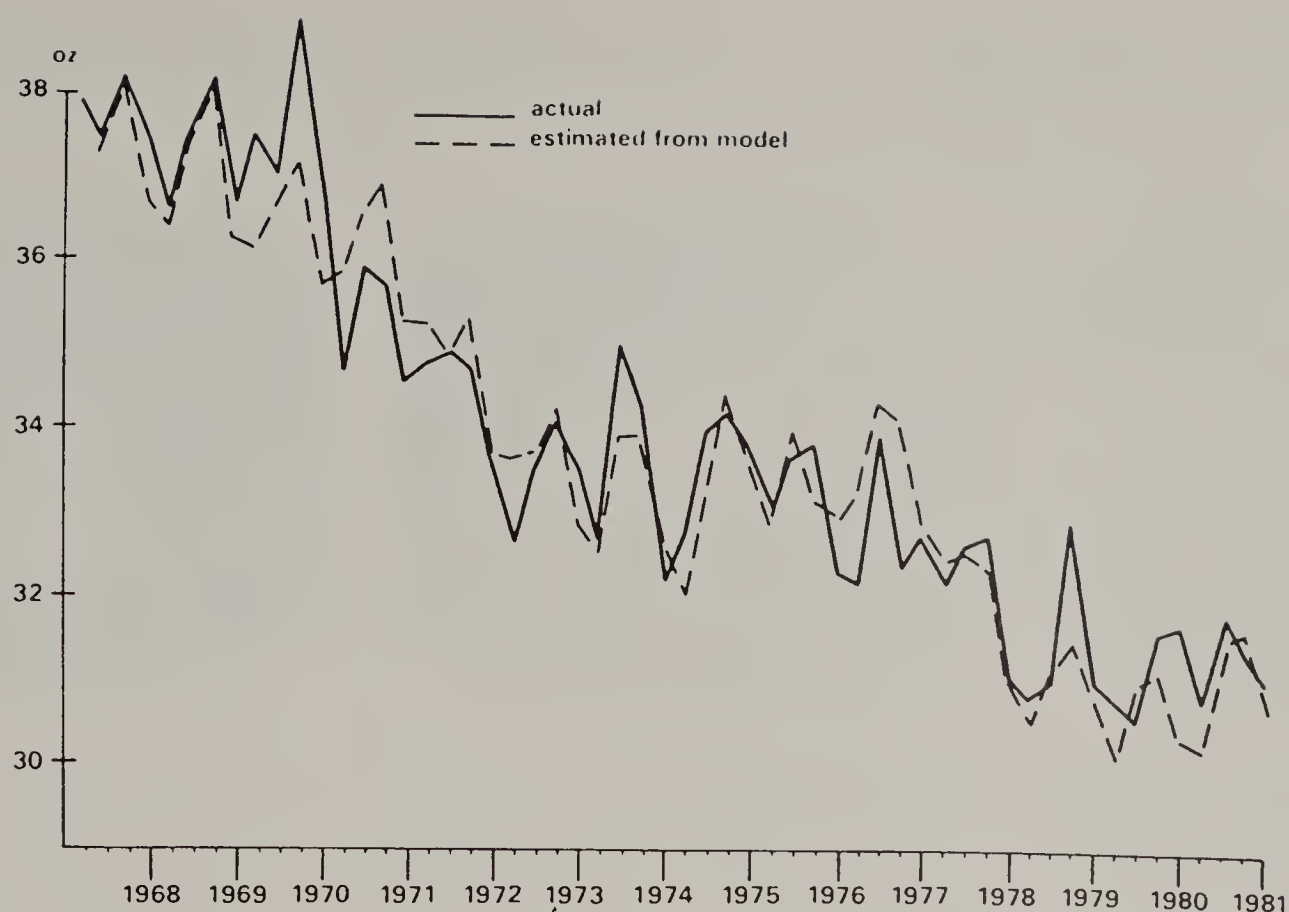


Figure 2. Consumption of bread (oz per person per week). Source: NFS, JWT.

TABLE 6: ANNUAL BREAD CONSUMPTION

Year	oz/person/week	
	Actual	Difference
1976	33.2	-0.5
1977	32.7	-0.5
1978	32.1	-0.6
1979	31.4	-0.7
1980	31.1	-0.3
1981	31.2	+0.1

Source: National Food Survey

1970s was also clearly apparent from the AGB panel data. In 1978 consumption was -7 per cent on the previous year; 1979 was a further 2 per cent down on 1978. Moreover, in all but two of the 26 four-weekly periods in those two years, consumption had declined year over year (excluding periods when strikes rendered the data void).

Starting with January 1980 the data then produced 16 consecutive periods (until the end of March 1981) of year-over-year increases in total consumption. As a result, consumption was +4.7 per cent in 1980 and a further increase of 0.4 per cent in 1981 produced the highest consumption figures for four years.

## CONCLUSIONS

It was apparent to us by the middle of 1981 that the campaign had been so successful that we could afford to

strengthen our strategy for 1982 from informing people of bread's nutritional value to actually encouraging people to eat *more* bread. Such was the weight of anti-bread propaganda in the media and such was the low credibility of bread in the eyes of the general public before our original campaign broke that we would not have dared do this at the outset.

We were able to make these strategic changes as a result of the publication of the COMA\* report in 1981, which for the first time gave medical evidence in support of the nutritional benefits of bread. COMA's first recommendations were that:

\* *Nutritional Aspects of Bread and Flour*. Report of the panel on Bread, Flour and Other Cereal Products, Committee on Medical Aspects of Food Policy, HMSO.

- the consumption of bread, whether it be white, brown or wholemeal, should be promoted and bread should replace some of the fat and sugar in the diet;
- nutrition education should stress the value of bread as a source of nutrients and of cereal fibre in the diet.

A new wave of generic advertising incorporating these strategic changes was run in early 1982. A further post-advertising quantitative research check on consumer attitudes was conducted in April 1982, and this confirmed the gains made previously on all dimensions measured, including a significant advance on 'fattening', tackled strategically for the first time in 1982 advertising. Best-ever scores were achieved on four out of seven dimensions and on 'everyone should eat some every day' white bread beat eggs by five percentage points from being 13 points behind before any advertising.

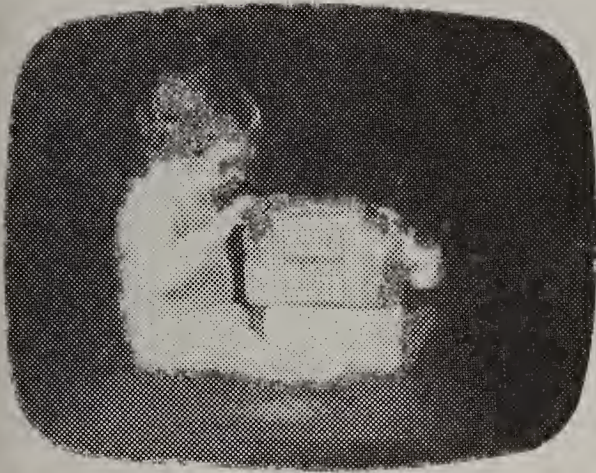
Finally, we are pleased to be able to report that by the end of 1982 AGB data showed total bread consumption to be +2 per cent on the equivalent period of 1981.



# BREAD COUNCIL

## “BUILDING BRICKS”

## 45 SECONDS

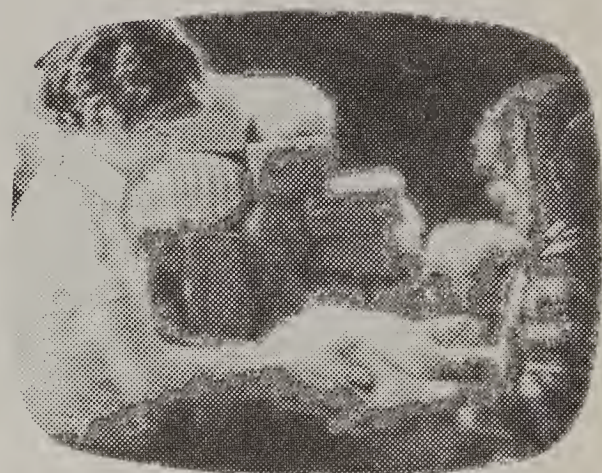


A simple loaf of bread, since man was in his infancy . . .

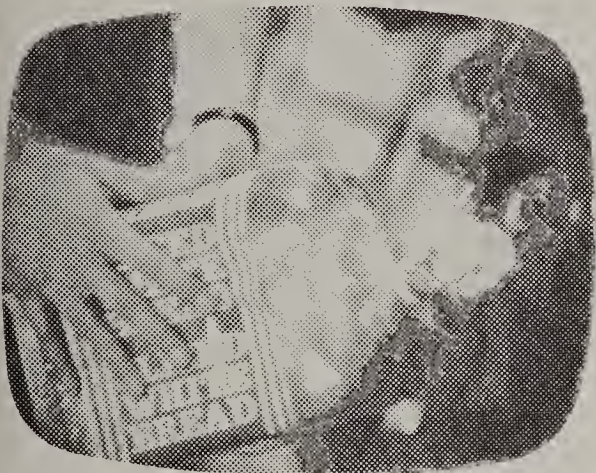
. . . It's been the family's greatest supporter . . . his basic food.



Made with wheat, water, salt and yeast, bread is probably one of our most natural . . .



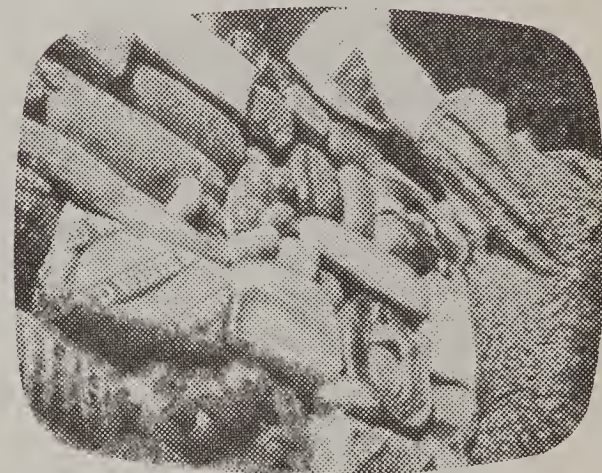
. . . sources of energy . . . and, of body building protein. Did you know that . . .



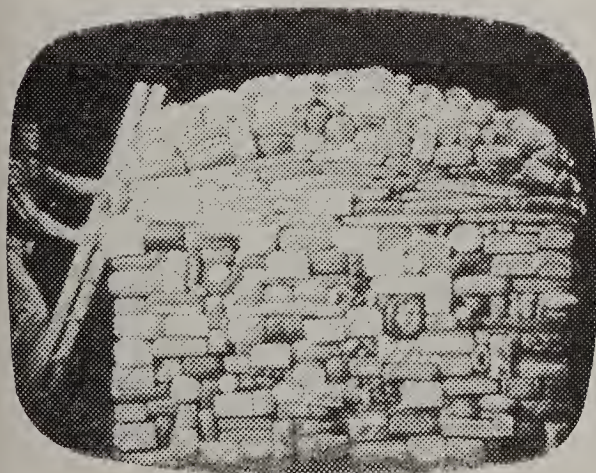
. . . penny for penny . . .



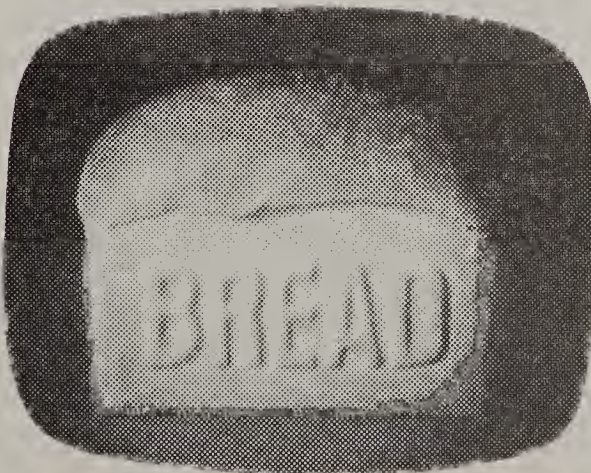
. . . bread provides more protein than . . .



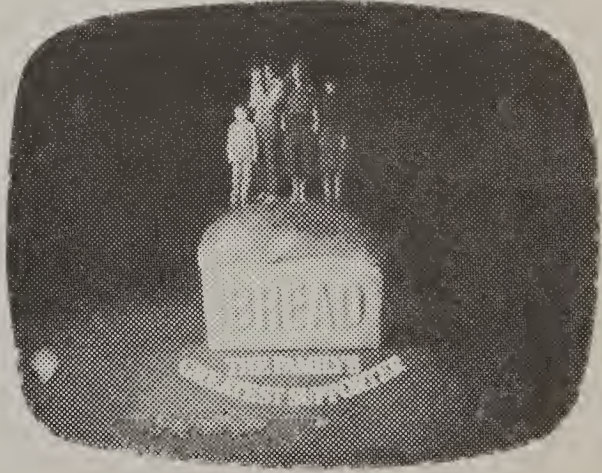
. . . cheese, fish . . .  
. . . meat, milk . . .  
. . . even eggs. So . . .



. . . when you're building a family,



Bread. It's the family's greatest supporter.



Mix to young child placing loaves in a pile.







6

BREAKING THE BRAN  
BARRIER — KELLOGG'S  
BRAN FLAKES 1982-84





## MARKET BACKGROUND

Bran cereals have a long history. All-Bran has been on the market since 1922. Kellogg's added 30% Bran Flakes to their range in 1939, Sultana Bran and Bran Buds in the early 1960s. But for many years demand for bran cereals remained limited, partly because bran is not very palatable (which is one reason why it has generally been removed from processed foods) and partly because of the medicinal and laxative associations created by over 40 years of advertising All-Bran as 'Nature's laxative', associations which people have understandably attached to other brans as well.

Slowly, as public nutritional knowledge improved and a small but increasing number of people began to appreciate the contribution of fibre (or 'roughage') to health, sales of bran cereals increased to the point where it was supply, not demand, that was constraining growth. Recognising the future potential in the developing trend towards healthier eating, Kellogg's made a major capital investment in the bran sector of the cereal market by opening a new plant at Wrexham in 1978, substantially boosting production capacity.

The brakes removed, sector growth accelerated. Bran cereals' volume share of the growing ready-to-eat (RTE) cereal market, which had for long been fairly stable, rose from 8½ per cent in 1977 to 11 per cent in 1981, a volume increase of 35 per cent in four years. Other manufacturers had by now seen the opportunity, and begun to join the bran wagon with manufactured brands or by making stores' own-label brands.

Even so, bran cereals remained minority-appeal products. Consumer attitudes were still largely negative. Many people were not prepared even to try them. Even amongst those housewives who acknowledged the benefits of fibre and recognised bran cereal as a rich source, there was reluctance to serve them to the family.

### The 'Bran Barrier'

The laxative connotations of All-Bran were automatically transferred to other cereals in the sector through the associations inherent in the word 'bran'. However, the use of laxatives was on the wane, and the sales potential of food products bought for occasional

medicinal use was not going to keep the Wrexham plant busy. To raise demand we had first to break through the 'bran barrier' of prejudice, by changing the word's associations away from the medicinal aura it had towards that of a healthy, normal food ingredient.

Among the many elements of the range of marketing strategies that ensued were: continuing experimentation with TV (print, traditionally, had been the medium for bran cereal advertising) to learn how best to overcome anti-bran prejudice and normalise the products; a strong push behind Sultana Bran, concentrating the emphasis of communication on its fruit content; and a major repositioning of Kellogg's Bran Flakes.

## MARKETING STRATEGY FOR BRAN FLAKES

Originally called 30% Bran Flakes, this brand had been positioned as a health product, with advertising centred on its high iron content. But we were convinced that it had much greater potential as a general appeal cereal, both because of the consumer interest we had detected in a wheat flake cereal and because we had a particularly good-tasting product. A research study in which people took home samples of the standard product, but in blank packs, confirmed that consumers, too, thought it delicious. And that a number of them, when subsequently told that what they had been enjoying so much was 30% Bran Flakes, simply refused to believe that it could have been the identical product. Such was the strength of the 'bran barrier'.

Further attitude research confirmed the brand's image as a traditional bran cereal, bought primarily for its medicinal and health qualities, and weak on taste expectation. People just assumed that because it was a bran cereal, it would not taste very good.

Kellogg's and J. Walter Thompson saw an opportunity to use the unrecognised but excellent taste of the product to break through the 'bran barrier'. In 1981, the decision was taken radically to alter the marketing strategy by:

- Dropping '30%' from the name, and redesigning the pack.
- Shifting out of magazines into TV, which had produced encouraging



- results in previous experiment.
- Adopting an all-family brand positioning as a pleasant-tasting, natural and healthy cereal.
- Concentrating on the *tastiness* of the product, leaving it to the word 'bran' in the product name to supply the health reassurance behind the tasty claim.

The new TV advertising was given two roles:

1. To create an image for the brand which was sufficiently strong to overcome the negative associations of 'bran' in the product name.
2. To make people see the brand in a new way which would make them want to try it.

Its target was all housewives predisposed towards natural, healthy foods, with primary emphasis on the 30-50 age group. Its aim was, firstly, to recruit new consumers and, secondly, to encourage more regular purchase.

The outcome of this brief was 'Tasty', a commercial with a bright and memorable tune and stream-of-consciousness lyrics with the refrain 'They're tasty, tasty, very very tasty', all in a distinctive, colourful and modern style. A scene from this commercial is shown below.

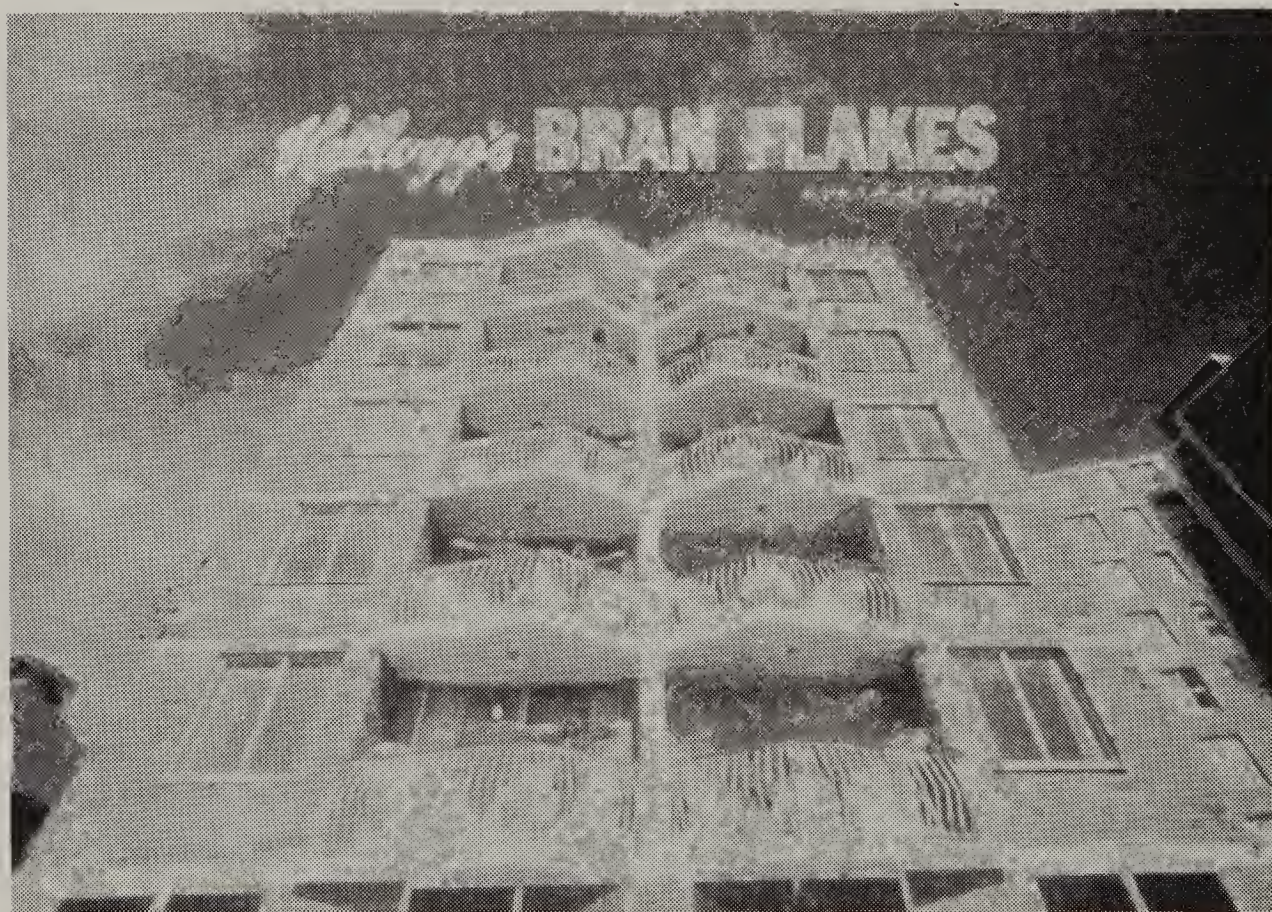
foundly altered public opinion about bran.

### The F-Plan phenomenon

Audrey Eyton's *F-Plan* was serialised in the *Daily Express* on 18th-21st May 1982, creating an instant craze. When, later that year, it was published by Penguin in paperback, it went straight up the best-seller lists. To date *F-Plan* has sold over 2,000,000 copies. One home in ten has a copy.

For the first time, a mass audience learned about dietary fibre and the importance of its function in the digestive processes. They learned that by maintaining the body's normal intestinal behaviour, high-fibre foods help to protect against some of the more prevalent Western diseases, as well as contributing to general health. They learned that a fibre-rich diet can reduce your weight. And they learned that one of the most accessible sources of fibre is bran cereals.

This produced a dramatic change in public knowledge and opinion. A check in February 1982, before the F-Plan had been heard of, showed that fibre's benefits were then primarily seen as laxative-related. After the F-Plan the emphasis had shifted: awareness and understanding of fibre's contribution to general health and well-being had advanced substantially (Table 1). The



It first went on air, nationally, in April 1982. It had run for one burst when something happened that pro-

portion of housewives claiming consciously to include fibre foods in the household meals had gone up and so



TABLE 1: FIBRE KNOWLEDGE

% housewives saying the benefits of fibre are:	Feb 1982	Jan 1983
Keeps you regular	26	23
As a laxative	18	19
Helps prevent constipation	13	13
	57	56
Helps keep digestive system healthy/working properly	22	30
Provides roughage	18	25
Generally good for health/fitness	12	16
Helps prevent illness/disease	1	2
	53	74
Sample base	(546)	(569)

Source: BMRB Access Omnibus Surveys

had their recourse to bran cereals as a prime source of fibre (Table 2).	happened in the two years after first publication of <i>F-Plan</i> (May 1982) com-
--	--

TABLE 2: FIBRE USAGE

	Feb 1982	Jan 1983
% housewives consciously including bran/fibre foods in diet	42	47
Of whom, % buying with fibre in mind:		
All-Bran	25	34
Bran Flakes	13	19
Farmhouse Bran	3	4

Source: BMRB Access Omnibus Surveys

Kellogg's marketing response to the opportunity created by this new interest in fibre was swift. The TV campaign for All-Bran, in area test at the time, went national from July 1982. Sultana Bran's advertising funds were increased. And Bran Flakes' national advertising campaign, which had just begun, was extended. Table 3 shows the increase in TV advertising after May 1982. In this table, as in the ones that follow, we show data for years ending May, rather than the usual calendar year. We have divided it this way the better to see what

pared to the two years before.

SALES RESULTS

The effect on consumer purchasing was dramatic. In the year immediately before *F-Plan* was published, sales of bran cereals in total rose by 4 per cent. In the year after, they soared by 37 per cent. Kellogg's Bran Flakes' sales rose by 41 per cent, even though they started from a base of marginal decline the year before. More significantly, they have continued to rise by a further 23 per cent in the following year to May 1984,

TABLE 3: TV ADVERTISING

Network housewife ratings (TVRs)	May 1981	May 1982	May 1983	May 1984
Year ending:				
Kellogg's Bran Flakes	400	600	1800	1400
All-Bran	100	300	1500	1500
Farmhouse Bran	300	1600	—	200
Sultana Bran	1100	900	1500	1400

even though growth has slowed in the rest of the sector (Table 4).
has some other mainspring.

TABLE 4: CONSUMER SALES GROWTH

Annual % volume change

Year ending:	May 1982	May 1983	May 1984
Kellogg's Bran Flakes	- 2	+41	+23
Other bran cereals	<u>+ 6</u>	<u>+35</u>	<u>+ 9</u>
Total sector	<u>+ 4</u>	<u>+37</u>	<u>+12</u>

Source: AGB Television Consumer Audit

The bran boom lasted for about a year. From the middle of 1983 the craze for fibre in the diet began to wane, and sales began to slow towards a rate of growth similar to the pre-boom rate. But not so Kellogg's Bran Flakes, which has continued to make above-average gains, and shows no signs of reverting to previous rates.

Thus far it could be argued that the bran boom stemmed largely or entirely from the stimulus of the F-Plan phenomenon, and that advertising played little or no part. Nobody denies the crucial importance of the F-Plan in altering the climate of public opinion towards bran. But as memory of it has faded, so has the salience of the general health-related benefits of fibre; and the laxative benefits are once again to the fore. Table 5 updates Table 1 with more recent figures. This helps explain why sector growth has slowed down. But in

Increasing Number of Purchasers

In the two years before May 1982, the average number of homes buying the leading bran cereals was virtually static. (The exception was Farmhouse Bran from Weetabix Ltd, which went national during 1981.) In the following year, the year of the bran boom, they all increased penetration. But only Kellogg's Bran Flakes has continued significantly to gain more users since then, as Table 6 shows.

The strong implication of this evidence is that Kellogg's Bran Flakes has, since its new advertising began two years ago, been more successful than other advertised bran cereals in persuading non-users to become users, and occasional buyers to become regular buyers: the essence of our 'breaking the bran barrier' strategy. In the year to May 1983, Kellogg's Bran Flakes'

TABLE 5: FIBRE KNOWLEDGE

% housewives saying the benefits of fibre are:

	Feb 1982	Jan 1983	Jan 1984
Keeps you regular	26	23	31
As a laxative	18	19	17
Helps prevent constipation	<u>13</u>	<u>13</u>	<u>11</u>
	<u>57</u>	<u>56</u>	<u>59</u>
Helps keep digestive system healthy /working properly	22	30	23
Provides roughage	18	25	16
Generally good for health/fitness	12	16	12
Helps prevent illness/disease	<u>1</u>	<u>2</u>	<u>2</u>
	<u>53</u>	<u>74</u>	<u>53</u>

Source: BMRB Access Omnibus Surveys

that case why has Kellogg's Bran Flakes gone on making headway? The F-Plan boom undoubtedly contributed to its 1982-83 growth; but its 1983-84 growth
average monthly penetration increased by half, more than any of the others; while the cumulative proportion of homes buying at all in a 12-week period



TABLE 6: HOUSEHOLD PENETRATION

% homes buying in average 4 weeks

Year ending:	May 1981	May 1982	May 1983	May 1984
Kellogg's Bran Flakes	2.7	2.6	3.8	4.5
All-Bran	5.5	5.3	6.3	6.3
Farmhouse Bran	.5	1.4	1.8	1.9
Sultana Bran	.9	.8	1.1	1.2

Source: AGB/TCA

rose from 4.2 per cent to 7.9 per cent between the spring and autumn of 1982. During 1983-84, the number of buying homes increased still further.

But (it may be argued) this still does not prove the effectiveness of the advertising. The bran boom could have induced initial trial and the product's deliciousness could have converted the trialist into a regular consumer, all with little or no contribution from the commercial.

True, the bran boom did encourage trial, and the product itself did help build repeat purchase. So, is there any evidence to demonstrate that the television advertising did affect sales and, if so, how?

Firstly, sales of Kellogg's Bran Flakes have continued growing, mainly because of an increasing number of buyers each month, when the rest of the sector's growth has slowed down. Something is at work recruiting additional usage that goes beyond the bran boom.

Secondly, it can be seen from Figure 1 that penetration began to rise with the first burst of the new campaign, even before *F-Plan* was first published. Subsequent bursts, moreover, can be seen to have been lifting the numbers of purchasers.

Thirdly, we have the findings of extensive econometric analysis. JWT build a model of brand sales, using multiple regression. This technique seeks to explain movements in the dependent variable (in this case Kellogg's Bran Flakes market share) by relating them to coincident movements in a number of other, explanatory factors. It estimates which of these other factors have been related to movements in sales, and the size and strength of each of those relationships.

The explanatory variables in the Kellogg's Bran Flakes model are:

- *Relative price*: since the dependent variable we are trying to explain is a relative one (volume share of market), we chose similarly to express the brand's price as relative to the RTE cereal market average (pence per kilo, indexed to market average).
- *Advertising*: of which there had been considerable variation, in campaign as well as in quantity: a TV campaign in 1980, a magazine campaign in 1981, the new 'Tasty' TV advertisement in 1982 followed by a further development of that campaign in 1983-84.
- *Close competitors*: the share movements of certain directly competitive brands: other bran flakes, and Special K.
- *The bran boom*: this had to be allowed for in any model. But there were no figures to quantify the intensity of consumer interest in a high-fibre diet. To approximate to it, we used the combined share growth of other bran cereals as the closest we could get to a description of consumer demand for fibre in general.

Two other explanatory variables were also examined, but in the end discarded, because they did not add significantly to the model. One was brand distribution which, vital though it is, nevertheless varied too little to have any effect detectable through multiple regression techniques. The model is therefore valid only whilst distribution remains steady. The second discarded variable was seasonality: the brand follows the market average, so its market share is seasonally stable. The data used were from the AGB Television Consumer Audit, for the period January 1980 to April 1984.

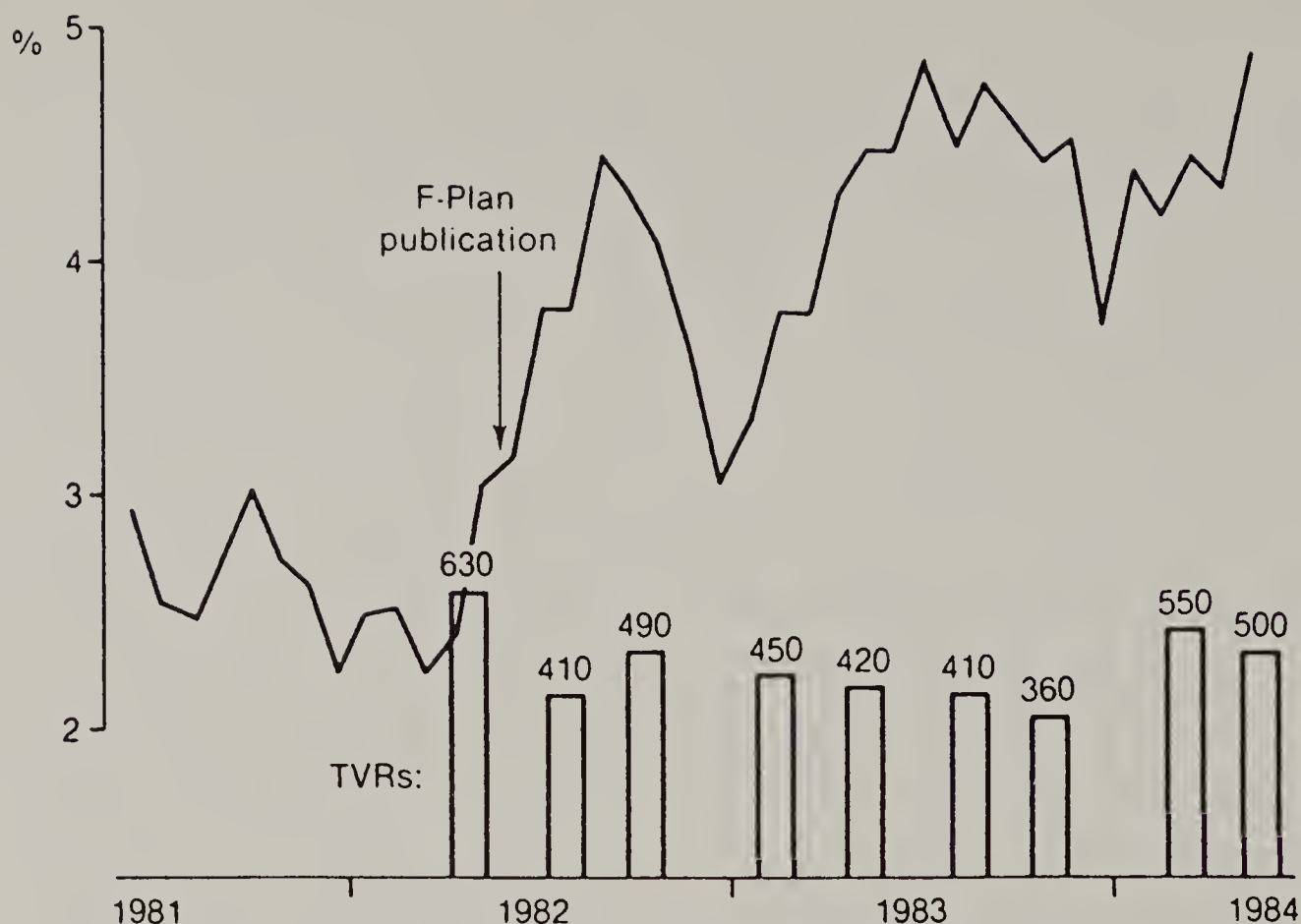


Figure 1. Percentage of homes buying Kellogg's Bran Flakes. Four weekly. Source: TCA.

The result of this analysis was a model that fits the observed data well, with an  $R^2$  of 0.91. That is, 91 per cent of observed variation in market share is accounted for by the model. The estimated share line follows the movements in the actual graph closely, as shown in Figure 2. The unexplained residuals, plotted in Figure 3, lie within the 95 per cent confidence limits, are well scattered and show no signs of systematic deviation that would suggest the presence of some other factor beyond those included in the model. The variables that are in the model have good levels of statistical reliability attached to them. The market model is summarised in Table 7.

We can draw the following conclusions:

1. *The Bran Boom*: as expected, there is a positive correlation between sales of Kellogg's Bran Flakes and other bran cereal products. Had this been fully proportional to market shares the coefficient would have been 0.4 (an increase of 0.4 in Kellogg's Bran Flakes share for every 1 point gained by other brans). The fact that the derived value is 0.2 supports the view that the bran boom explains part of the brand's growth, but is not the only factor.

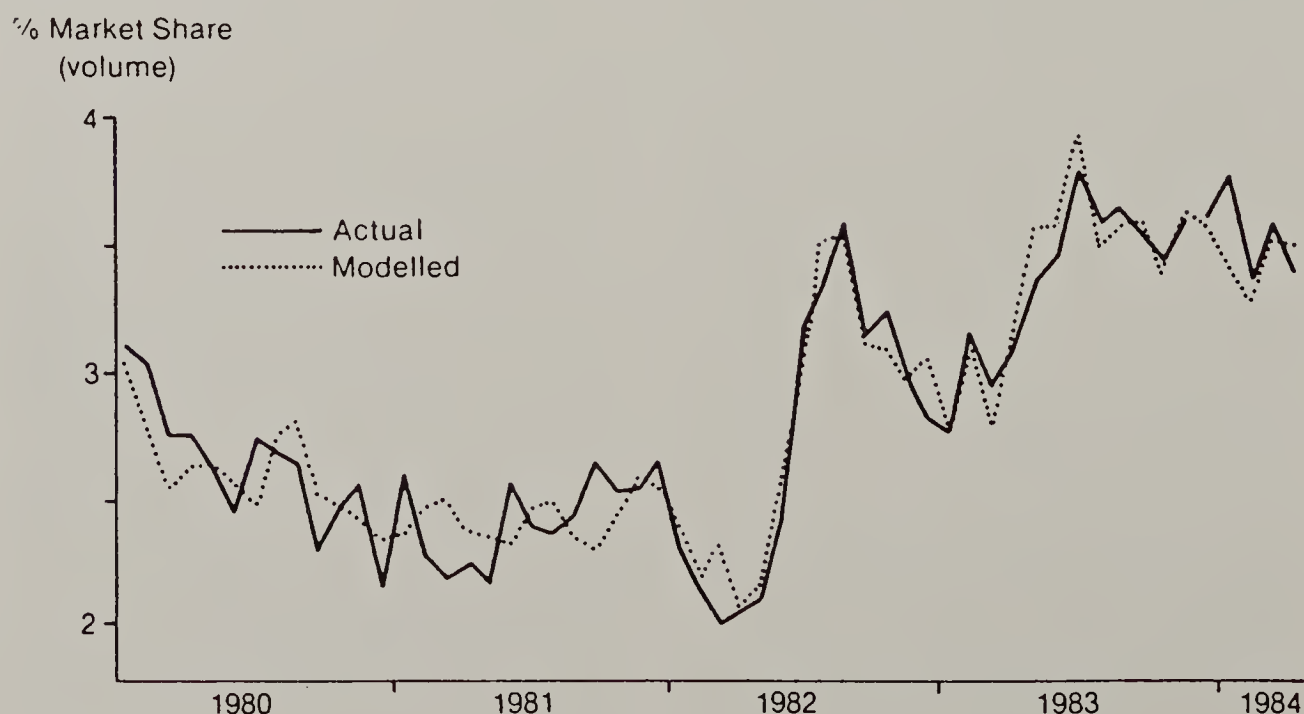


Figure 2. Market model.



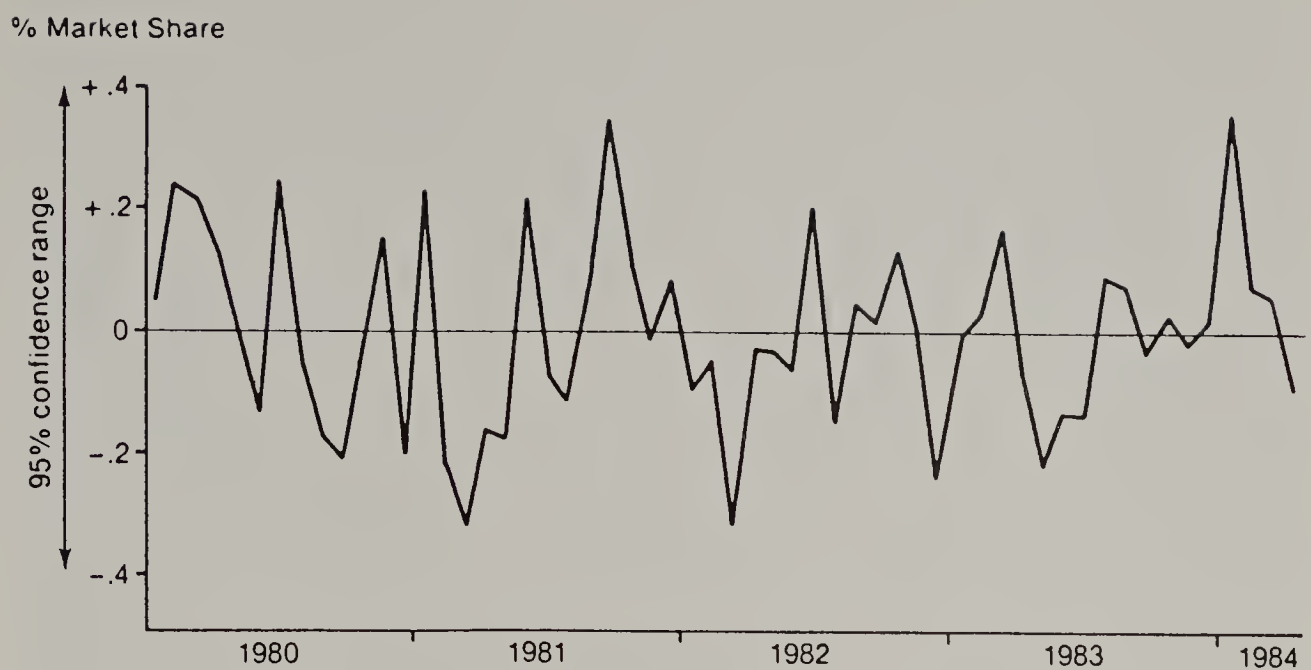


Figure 3. *Residuals.*

TABLE 7: MARKET MODEL

Multiple regression analysis of AGB/TCA data Jan 1980-Apr 1984

Dependent variable: Kellogg's Bran Flakes volume market share

*Explanatory variables:*

The bran boom

(Market share of bran cereals other than bran flakes) +.2 per point

Competitor brands

Other bran flakes market share -.5 per point

Special K market share -.6 per point

Price elasticity

-.6

Advertising elasticities:

TV 1980 +.1

Magazines 1981 +.1

TV 1982 ('Tasty') +.3

TV 1983-83 ('Waiters') +.4

$R^2 = 0.91$

2. *Close Competitors:* the negative correlation with other bran flakes denotes a competitive relationship between these very similar products. (It would have been astonishing had it been otherwise.) Less predictable was the observation of a competitive relationship with Special K (confirmed by brand switching analyses). On reflection though, Special K's role as a crisp, pleasant-tasting flake for adults who watch their weight can be seen as overlapping that of Bran Flakes.

3. *Price Elasticity:* this is low. Demand for Kellogg's Bran Flakes is fairly insensitive to variations in its relative price. (It is a larger factor in the competition with other bran flakes though.)

4. *Advertising Elasticities:* the effectiveness of the 1980 TV campaign, and of the magazine advertising that ran from the summer of 1981 into the first quarter of 1982, were below average for this market. By contrast, the effectiveness of the new strategy TV campaign, in 1982 and since, is well above average. These are the highest elasticities we have recorded for any brand in numerous econometric studies of the cereals market.

By weakening the prejudices against bran, the F-Plan naturally made it possible for bran cereal advertising to be more effective. To that extent, the advertising was given a helping hand. But this was equally true for other

brans’ advertising, with less dramatic effects. It is to the credit of the Kellogg’s Bran Flakes campaign that it capitalised more effectively on this change in consumer opinion, and that it has continued to match the public mood.

When we produced ‘Tasty’ the F-Plan had not been heard of. The commercial worked, and worked well. But consumer knowledge and attitudes were changing, and we had to keep up with the consumer. The evidence from the model is that we succeeded: ‘Waiters’ — the film that ran in 1983-84 — has been even more effective than ‘Tasty’. ‘Waiters’ won a diploma at the 1983 British Television Advertising Awards.

The model argues strongly that the TV advertising worked. But we do not rely solely on the model. There is other evidence to back it up.

### How did the Advertising Work?

In 1982 the roles of the advertising were to overcome the negative associations of bran and to encourage trial. Helped by the changing climate of opinion, both these aims were quickly and largely achieved. Average monthly penetration rose by half as much again to nearly 4 per cent. Cumulative 12-week penetration doubled to almost 8 per cent. Brand attitudes shifted dramatically (Table 8). Not only did roughage and bran become much more important purchase motivators, but *liking* the product for its tastiness figured significantly more often in respondents’ reasons for buying it — exactly on strategy.

In 1983 that strategy was modified for the new ‘Waiters’ film (see below). Qualitative research among consumers had confirmed a move towards greater personal respect and care. People were increasingly trying to improve the quality of their lives by taking more care of themselves. The fashion of jogging epitomised what, at a deeper level, was a more active approach to life, linked to a more relaxed appreciation of it.

The new ‘Waiters’ film accordingly kept the messages about general enjoyment and product tastiness, but sought to add an even greater air of freshness and activity, allied to a very contemporary expression of discerning choice. The brand’s appeal was broadened as a ‘healthy’ cereal, in a natural and non-cranky way, and particularly enjoyable in its own right. The aim now was to combine a strengthening of the consumption habit among its existing consumers with some further recruitment of new eaters.

Research to monitor attitudes (see Table 8) showed a fall during 1983 in digestion-related reasons for purchase, a maintenance of health and taste-related reasons, and a further rise in secondary reasons: the presence of vitamins (a good measure of consumer perceptions of nutritional value), and the product flavour (which many find needs little or no sugar).

A recent image study found that Kellogg’s Bran Flakes is seen — just as much by housewives who have never tried it as by existing users — as a pro-

TABLE 8: REASONS FOR BUYING KELLOGG’S BRAN FLAKES

% recent buyers who buy because:	Dec 1981		Jan + Apr 1983		Jul + Oct 1983
General health benefits					
Plenty of roughage	38	↔	50		52
Helps keep you healthy	37		41		37
Made from natural ingredients	16		14		14
Rich in vitamins	8		11	↔	18
Digestive benefits					
Contains bran	38	↔	44	↔	31
Ensures healthy digestion	n/a		29	↔	20
Easy to digest	10		12		10
Other benefits					
I like it	23	↔	34		32
Tastes nice	15	↔	20		20
Needs little or no sugar	9	↔	14	↔	21
Purchasing behaviour					
I buy it regularly	14	↔	20	↔	24
Sample base	(120)		(118)		(130)
Source: Marcos Studies					
				↔	major changes





duct for modern active people of all ages who like to eat healthy foods, and who are not much in favour of traditional cereals. Only on the all-family appeal of the brand does the 'never-trieds' view lag behind. They still see it as mainly a woman's product. This apart, the user image (Table 9) has moved a long way away from that of the elderly, costive bran-eater it used to be.

per cent at least are of the opposite opinion (Table 10). It was the advertising that changed their view.

We have seen how the two commercials, 'Tasty' and 'Waiters', have helped to enhance and modify knowledge and opinion about the brand, its taste and its image. There remains one last piece of the jigsaw to fit into place: consumers' perception of the part that

TABLE 9: USER IMAGERY

% housewives saying Kellogg's Bran Flakes would be eaten by:	Brand buyers	Never tried
People who like to eat healthy foods	81	87
Modern, active people	66	67
People who like traditional cereals	32	31
Young adults	64	50
Middle-aged	62	50
Older people	54	49
Women	68	51
Men	44	26
Children	43	17
All the family	45	26

Source: RBL, May 1984

Brand attitudes also show general agreement by 'never-trieds', as much as by users, that Kellogg's Bran Flakes is a particularly healthy, fibre-rich and up-to-date cereal. On the other hand, the 'never-trieds' who are ready to concede that it tastes nice, without ever having tasted it, are a minority still. Yet this itself represents a remarkable advance. Only four years ago, research found a massive expectation among those who had never tried the product that it could not possibly taste nice. Today, some 40

the advertising played.

Advertising's Influence

As part of the research programme to monitor progress of the brand, we asked buyers of bran cereals to tell us what had encouraged them and their families to start eating bran cereals, or to eat more of them. In January 1983, and again a year later, one respondent in five said she had been influenced by advertisements (Table 11). This, in our experience, is an unwontedly large



TABLE 10: BRAND ATTITUDES		
% housewives saying Kellogg's Bran Flakes is:	Brand buyers	Never tried
Rich in fibre	96	88
A particularly healthy cereal	93	86
A modern and up-to-date cereal	81	76
Popular	71	55
Tastes nice	84	40
Appetising	75	38
Source: RBL, May 1984		

TABLE 11: INFLUENCES ON BRAN CONSUMPTION							
% buyers of bran cereals who were influenced by:	Jan 1983	Jan 1984	15-34	35-54	55+	ABC1	C2DE
Advertising for bran cereals	19	19	29	20	9	16	21
Newspaper articles	16	22	21	29	16	25	20
F-Plan book	12	13	13	20	6	17	9
Doctor's advice	11	9	9	7	9	8	9
Articles about F-Plan	6	9	11	10	3	11	6
Radio commentaries	5	10	6	17	8	11	10
Other influences	26	17	14	16	20	17	17
Sample base	(463)	(443)					
Source: BMRB Access Omnibus Surveys							

acknowledgement of the influence of advertising, which ranks remarkably high on this list of stimuli. No less importantly, it is the younger age groups whom the advertising has impressed. Bran cereals had an older consumption profile. The aim of normalising the product required that we introduce it to younger consumers.

Kellogg's Bran Flakes is the second largest brand in the bran sector. Yet it has been the top brand amongst those who acknowledge having been influenced by advertising. Table 12 shows that this supremacy of advertising effect increased during 1983, corroborating the evidence from sales and household penetration data that Kellogg's Bran Flakes pulled away from the rest of the field. Furthermore, there is an indication (though admittedly on small sample sizes) that the evident sales success of this campaign arose not only because it encouraged people to suspend their disbelief about the taste and *try* it, but also because perseverance with the campaign has encouraged trialists and occasional users to become *regular* consumers and purchasers, more effectively than any of its competitors. This is illustrated by Table 13.

### CONCLUSIONS

To sum up the evidence:

1. Since the change in strategy in 1982 and the brand's repositioning as a tasty, natural and healthy cereal for the family, sales have grown faster than the bran-cereal sector average. Sales have continued rising rapidly even though the bran boom and the growth of other brands have slackened.
2. This has been achieved by an above-average and continued increase in the number of households buying Kellogg's Bran Flakes per month. More homes bought it to try and more homes have become regular and frequent purchasers.
3. Econometric analysis has uncovered a strong relationship between the 1982-84 TV campaign, and consumer purchases. This was helped by the change in the climate of opinion brought about by the F-Plan diet, but the campaign's effect was not solely due to that: the advertising had begun to work before the F-Plan had been heard of.
4. The advertising elasticities (0.3 and 0.4) derived from the econometric model are the highest we have recorded in the cereal market. Even after allowing for the bonus effect of the F-Plan, the advertising effectiveness has been remarkable.



TABLE 12: ADVERTISING INFLUENCE BY BRAND

% influenced by advertising, who bought:	Jan 1983	Jan 1984
Bran Flakes	48	62
All-Bran	44	41
Farmhouse Bran	13	21
Sultana Bran	21	25
Sample base	(93)	(83)

Source: BMRB Access Omnibus Surveys

TABLE 13: ADVERTISING INFLUENCE ON CONSUMPTION

% influenced by advertising who now buy:	Kellogg's Bran Flakes	Other advertised brans
Regularly	63	41
Occasionally	37	49
Don't know	—	10
	100	100
Sample base	(51)	(83)

Source: BMRB Access Omnibus Survey, Jan 1984

- Adapting the campaign to keep up with changing consumer needs and attitudes has added even more to its effectiveness. Kellogg's Bran Flakes pulled further ahead of the field in 1983.
- The advertising worked by telling people, very credibly and persuasively, that the product really is very tasty — contrary to what most of them previously thought. It has worked, too, by transforming the brand image, which once was that of a traditional, semi-medicinal, older person's product, into that of a healthy food for modern, active people of all ages.
- Consumers acknowledge that Kellogg's Bran Flakes advertising, more than that of any other bran cereal, has influenced them and their families to start eating it, or to eat more of it.

The new brand positioning strategy we adopted in 1982, and its execution in advertising, have amply justified our faith in the brand's potential. We may not yet have totally demolished the bran barrier (there still remain some people who have never tried Kellogg's Bran Flakes because they expect it not to taste good), but we have certainly breached it, with the help of some par-

ticularly effective advertising. That extra creative effectiveness has a cash value: not one that is calculable with absolute precision, but we can make a reasoned estimate.

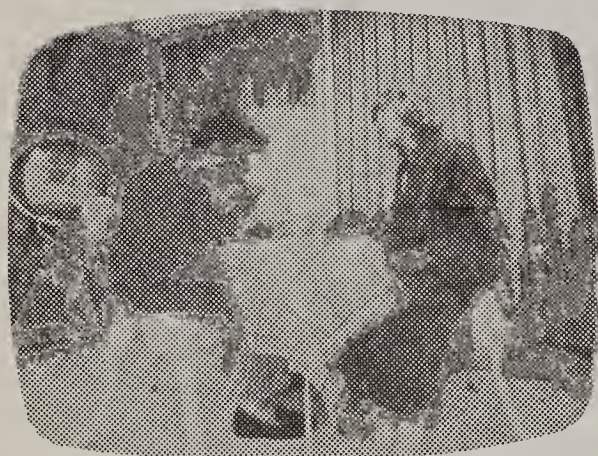
Supposing the Kellogg's Bran Flakes campaign had been just as effective — no more and no less — than the advertising for other bran cereals (which are themselves judged to have been successful campaigns)? Then we might reasonably have expected a sales increase in line with other types of bran cereal which, in the latest 12 months, are 35 per cent up on two years ago. In fact, though, Kellogg's Bran Flakes have gone up 73 per cent over the same period. This difference between expected and actual is worth an *additional* £3 million in sales revenue in the latest year alone.

The advertising spend at just average rates of effectiveness would have delivered a satisfactory rate of return. The above-average effectiveness that has brought in an *extra* £3 million in sales on top of that is a substantial extra contributor to profit in anybody's book. 'Very very tasty' was the message; very very potent was its effect; and very very profitable the result.

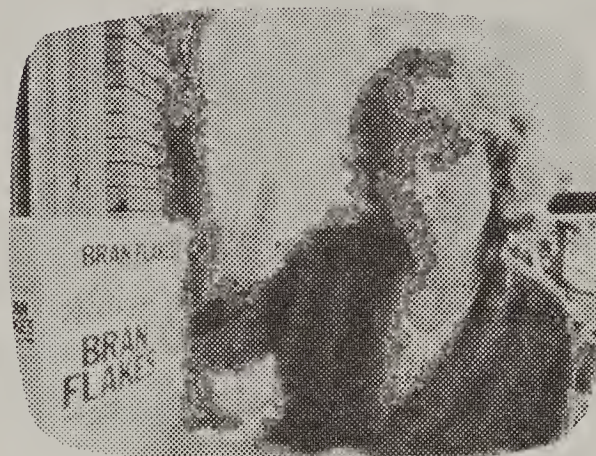


# KELLOGG'S BRAN FLAKES

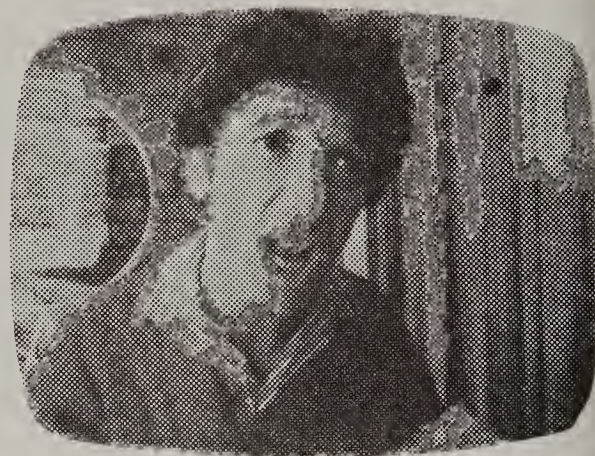
## "VERY TASTY" 30 SECONDS



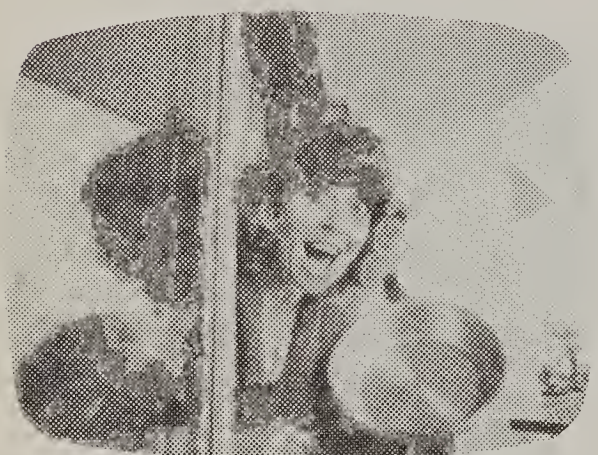
JINGLE:  
 "What about the weather?  
 Is it going to rain?"  
 You can ask without any reply.



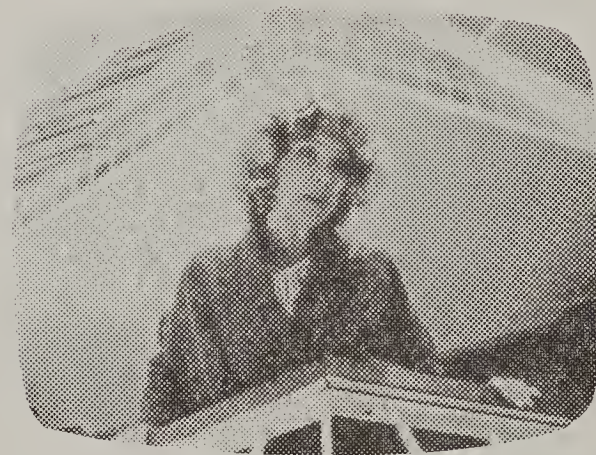
But, "Ask about the Bran Flakes?  
 That's a different matter —  
 they'll all reply.



They're "TASTY ... TASTY ...  
 VERY, VERY TASTY" They're  
 very tasty.



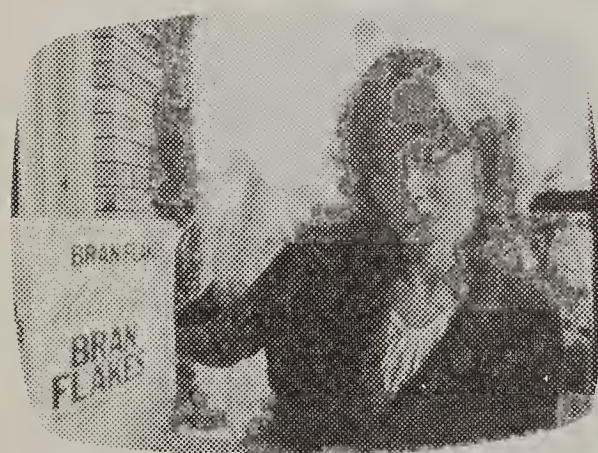
"How do you like your eggs done?"



"Can you see the milkman?"



"You know you got a wasp in  
 your ear?"



But, "Ask about the Bran  
 Flakes?"

that's a different matter

one thing you'll hear



They're "TASTY ... TASTY ...  
 VERY, VERY TASTY" They're  
 very tasty.



VO: Kellogg's Bran Flakes

JINGLES:  
 They're very tasty.



7

FULFILLING THE  
POTENTIAL OF  
ST. IVEL GOLD





## INTRODUCTION

This case study quantifies the effects on sales of an advertising campaign for a low fat spread — St. Ivel Gold. The brand operates within the yellow fats market which mainly comprises butter and margarine.

The paper covers the development and initial success of a campaign first aired in January 1981. It further demonstrates the contribution made by this advertising to the brand's sustained growth and profitability over the following three years.

## THE PRODUCT

Labelling regulations in the yellow-fats market stipulate that all products called butter must contain a minimum of 80 per cent fat, and all products called margarine must also contain a minimum of 80 per cent fat. Only the type of fat differs, not the level. St. Ivel Gold contains 40 per cent fat and since neither 'low fat butter' nor 'low fat margarine' are permissible descriptions, Gold is designated a low fat spread. It is in fact a low fat spreading blend of buttermilk and vegetable oil. As such it offers a rich dairy taste together with the health benefits associated with fat reduction. Gold is packed in tubs and spreads straight from the fridge. It is cheaper than butter, but sells at a premium to all margarines. Its main use is as a spread because, unlike butter and margarine, Gold's lower fat level makes it unsuitable for some cooking uses.

## THE ENVIRONMENT

TCA (see Appendix) shows that the yellow fats market was worth £657.8 million at RSP in 1983. It has traditionally comprised only butter and margarine. Low fat spreads are a relatively recent phenomenon. Overall the market has seen little real growth in the last 10 years; however, its basic structure has changed considerably during this time. A widening price differential between the premium commodity butter and the cheaper margarine has, over the long-term, probably contributed to the volume decline of butter and consequent growth of margarine. The volume positions of butter and margarine have more or less reversed since 1975. Then butter held 68 per cent of the yellow fats market and in 1983

margarines and low fat spreads held 64 per cent.

## GOLD — BACKGROUND

Gold is a relatively young brand. It is priced at a premium over all margarines, but below butter. It was first launched into test market in 1977 and rolled into national distribution in 1979. In 1980, despite considerable advertising support which variously promoted the brand as 'the best thing to come out of the dairy since butter', Gold showed no sign of achieving a profitable sales level. In July 1980, St. Ivel decided to start afresh and appointed J. Walter Thompson.

### Exploratory Research

Qualitative research among non-trialists of Gold was the first step in the evaluation and development of the brand. Here three main problem areas emerged:

1. Consumers acknowledged only two types of yellow fat—butter and margarine. A low fat spread was interpreted as a non-yellow fat product. This description communicated a spread which was more akin to cheese than margarine or butter.
2. The majority of respondents wrongly believed that margarine, especially soft margarines made from vegetable oils, were lower in fat than butter, because they did not contain rich, dairy ingredients.
3. In this environment a high level of confusion surrounded Gold. On the one hand, despite its premium price, Gold was similar to margarine. It was packed in tubs, spread from the fridge and was similar in appearance and texture. On the other hand, although considerably cheaper than butter and with a different texture, Gold, like butter, contained dairy ingredients and carried the dairy pedigree of St. Ivel.

It was clearly neither one thing nor the other, so what were its advantages over either of the well-established product types? Its advertising claimed a taste like butter. This was met with a scepticism bred from years of unfulfilled promises by non-butter brands in this area. The pack and advertising also claimed that Gold was low in fat, but this was believed to be true of many margarines, all of which were cheaper than Gold.

### Further Development Research

A second stage of qualitative research was conducted in order to explore the potential of a number of strategic options for Gold. Each of these was presented as an advertising concept. This research isolated an expression of Gold's benefits which consumers found surprising and relevant. It also generated a high level of interest in trial of Gold. This successful concept made no overt claims on taste; instead, emotive clues were used to suggest a rich dairy taste consistent with the imagery of St. Ivel. This was coupled with the statement that Gold contained less than half the fat of butter or margarine. This concept could not and did not refer to Gold as a margarine. Neither did it describe Gold as a low fat spread. The product's appearance and tub packaging were sufficient to position it as a yellow fat spread, like margarine.

In response to this concept many consumers in fact described Gold as a margarine, but elaborated on this by adding that Gold was a buttery-tasting margarine with half the fat of any other and, as such, was probably healthier.

On the basis of these research findings a new advertising strategy was defined. This remained unchanged throughout the period of analysis: January 1981 to December 1983.

## GOLD — ADVERTISING STRATEGY

### Advertising Objectives

To stimulate and thereafter sustain increased sales for St. Ivel Gold by communicating Gold's dual product benefits of buttery taste with a fat level only half that of butter or any margarine.

To endow the product with a brand status and profile consistent with its premium price and projected user image of modern people who enjoy what they eat but are smart enough to stay fit.

### Target Group

Purchasers of butter who enjoy the taste of that product but who are finding it difficult to justify the premium price on every purchase occasion. In addition, purchasers of premium margarines who value a quality, butter-like taste for spreading. An underlying concern

regarding the over-consumption of fats further distinguishes the target consumer irrespective of whether she buys butter and/or margarines.

### Media Selection and Design

Owing to the broad target group, TV was selected as the main medium to increase sales of the St. Ivel Gold brand. A total of £1.6 million was allocated for TV support during 1981, the first year of the campaign, £1.5 million during the second year and £2.3 million in the third year.

Over this period the TV schedule provided short periods of heavyweight support followed by longer periods at a much lower strike rate. This policy of continuous advertising with burst and drip was designed to generate steady demand for the brand, avoiding peaks and troughs which would have caused production and distribution inefficiency of this relatively short shelf-life product.

### The Advertising

'Swimming Pool', the first film in this campaign, was aired in January 1981. It used the visual association of 'butter' sculpture to achieve a buttery-taste response. In a stylish modern presentation this image merged with others representing healthy activity, and combined with overt verbal instruction on the fact that Gold contained only half the fat of butter or margarine.

A second film, 'Squash Court', with a similar structure to the first, was added to the campaign in February 1982. This was followed in February 1983 with a third film, 'Karate', which single-mindedly addressed the fat issue, excluding reference to dairy imagery. The latest film in this series, 'Bowling', was first aired in October 1983.

The first burst in 1981 used a 30-second version of 'Swimming Pool'. This was later cut to 20 seconds. All subsequent films were aired as 20-second treatments in combination with 10-second reminder versions to increase frequency. Each new film has been established with a period of solus exposure followed by rotation with previous films. Storyboard examples are included.



## GOLD SALES SINCE JANUARY 1981

St. Ivel Gold sales appeared to respond immediately to the advertising. Volume sales in the first eight weeks of the campaign were 30 per cent above that of the preceding eight weeks. This growth continued throughout 1981. By the end of that year volume had increased by 33 per cent over the previous year. Volume continued to grow with the development of the campaign. TCA shows that sales in 1982 grew by a further 29 per cent, and in 1983 by another 22 per cent.

Figure 1 illustrates Gold's volume trend since January 1981 in relation to the actual TVR level throughout the period. The fact that, following many years of poor sales, Gold's growth coincided with the introduction and development of a new advertising campaign is, in itself, insufficient evidence of a causal relationship. So what other factors could have brought about such a reversal of the brand's fortunes?

Gold sales began to forge ahead. Over the last three years, Gold's rate of growth (shown in Table 2) has far outpaced that of its sector. Its brand share has grown from 3 per cent to 6 per cent and it is now the fourth largest brand within margarine and low fat spreads. Gold's growth is, therefore, not simply the consequence of a shrinking butter market.

### Is Gold's Growth a Mere Reflection of a Similar Growth in Health Consciousness?

No! Gold is not the only brand in this market offering a health benefit. Outline and some own-label brands contain the same overall fat level as Gold. Other heavily advertised margarines like Flora contain a high level of polyunsaturated fat and are firmly established within this general 'health' sector. If Gold's growth merely reflected a general trend toward 'health' products, its share of this growing sector would have remained static. Instead, as shown in Figure 2, its share has risen

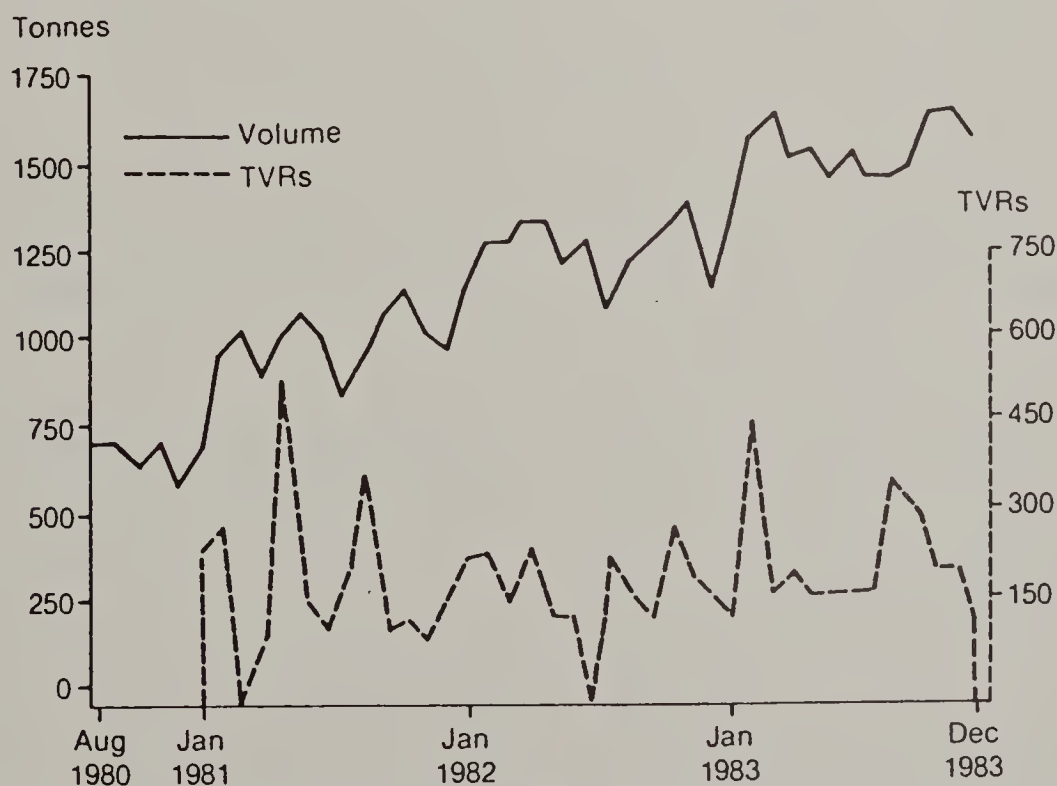


Figure 1. St. Ivel Gold volume and actual TVRs. Source: (volume) TCA.

### Did Gold Simply Benefit from the Market Movement Away from Butter Towards the Relatively Cheaper Margarines and Spreads?

No! The main movement between these two commodities occurred between 1975 and 1980. As Table 1 shows, it accelerated between 1979 and 1980 when Gold sales were particularly low, and has slowed down since 1981 when

steadily since 1981. Gold's growth is therefore *not* simply a reflection of a growing health trend.

### Did a Distribution Increase Affect Gold's Growth?

No! Although success has resulted in marginally broader distribution, Gold's rate of sale where it is distributed has increased much faster than its distribu-

TABLE 1: BUTTER VS MARGARINE AND LOW FAT SPREADS - VOLUME									
	1975	1976	1977	1978	1979	1980	1981	1982	1983
	%	%	%	%	%	%	%	%	%
Margarine and low fat spread	32	39	45	47	50	56	60	64	64
Butter	68	61	55	53	50	44	40	36	36

Source: TCA

TABLE 2: INDEXED VOLUME GROWTH COMPARISONS				
	1980	1981	1982	1983
	%	%	%	%
Total yellow fats	100	101	101	99
Butter	100	92	84	81
Margarine and low fat spreads	100	108	114	112
St. Ivel Gold	100	129	167	204

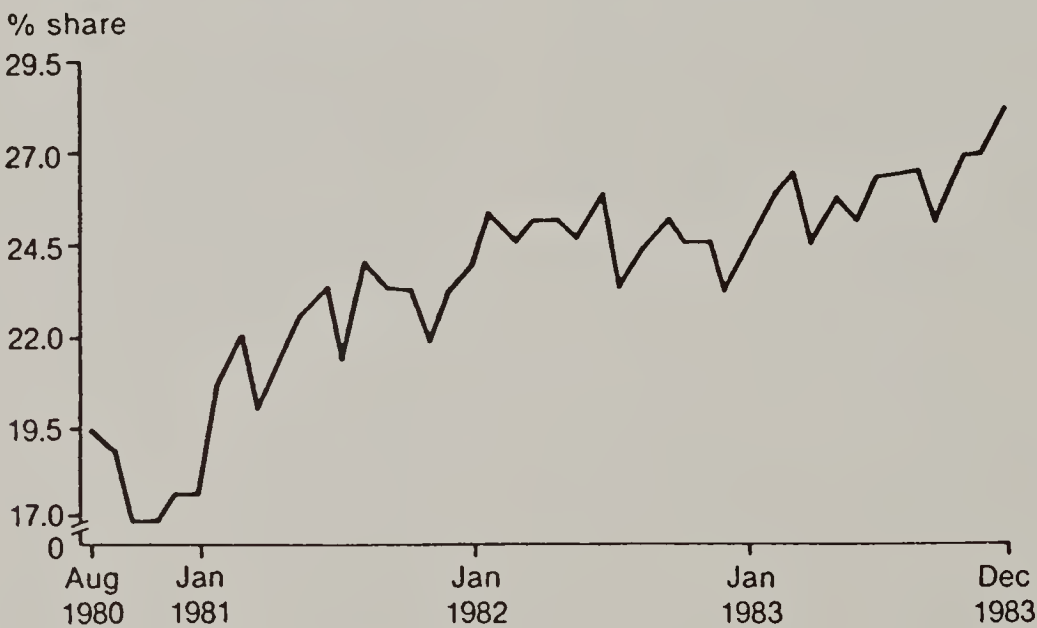


Figure 2. St. Ivel Gold percentage of health brand volume. Source: TCA.

tion base. Gold has always been heavily reliant on the multiple trade. Consistently around 80 per cent of its volume is sold through these outlets. Table 3 shows the brand's distribution level in multiples together with its rate of sale per point of effective sterling distribution. Here it is apparent that although some distribution gains have been made, Gold's growth was *not* caused by a growth in distribution.

**Was Gold's Success the Result of a More Competitive Pricing Policy?**

No! It has been St. Ivel policy to maintain the brand at a premium over all other low fat spreads and margarines. With the exception of occasional periods when Gold's price coincided with that of Flora, this has been achieved. Figure 3 shows Gold price relative to that of the premium brands of margarine, Flora and Krona.

TABLE 3: GOLD DISTRIBUTION AND RATE OF SALE — MULTIPLES										
	Aug-Sep 1980	Oct-Nov	Dec-Jan 1981	Feb-Mar	Apr-May	Jun-Jul	Aug-Sep	Oct-Nov	Dec-Jan 1982	Feb-Mar
% effective £ distribution	87	90	86	93	90	93	92	92	92	93
Tonnes per % effective distribution	12	11	11	15	16	14	15	16	18	22



TABLE 3 (contd)

	Apr- May 1982	Jun- Jul	Aug- Sep	Oct- Nov	Dec- Jan 1983	Feb- Mar	Apr- May	Jun- Jul	Aug- Sep	Oct- Nov
% effective £ distribution	89	92	88	93	90	92	94	93	93	92
Tonnes per % effective distribution	22	20	21	22	22	26	28	29	27	29

Source: Nielsen/Stats MR

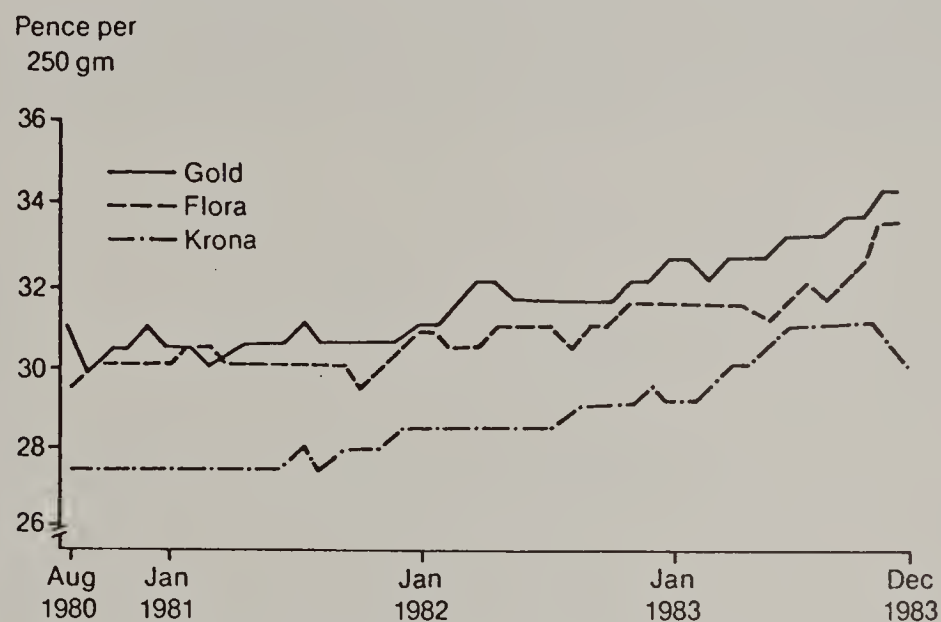


Figure 3. Retail prices. Source: TCA.

Gold's price differential with butter has remained relatively steady over the period with the exception of December 1982 and January 1983 when EEC intervention depressed the overall butter price.

This maintenance of a price premium therefore suggests that Gold's growth was *not* gained by a more competitive pricing policy.

#### Did Gold Advertising Affect Sales?

A simple process of elimination seems to suggest that advertising did affect sales of St. Ivel Gold. It is apparent that Gold sales began to take off in January 1981 and that growth continued at a steady pace thereafter. This does not appear to be the consequence of any natural movement in the market. Nor does it appear to be the result of increased distribution or of an eroded price differential.

Regression and other analyses were carried out in order to isolate those factors affecting volume sales. Here, factors which were quantifiable such as price and distribution were again examined. These analyses also included the TV

advertising variable. Empirical analysis showed that this advertising had a lagged effect, not only working in the month of transmission but to a diminishing degree during the following two months. From this analysis it appeared that TV advertising alone, lagged and weighted over a 12-week period, accounted for a considerable part of the brand's volume variance. Figure 4 illustrates this pattern of weighted TVRs in relation to Gold sales.

It also shows that, over and above this short-term effect of the advertising, there was a steady upward trend in sales throughout the period. As an analogue for this trend, we included in our 'model' the cumulative build-up of the weight of TV advertising (TVRs) for Gold. The resulting model accounted for 87 per cent of the variation in the brand's volume sales throughout the period, and its degree of fit to the actual level of sales is illustrated in Figure 5.

The model, full details of which are given in the Appendix, also suggested the analysis of the history of Gold's volume sales over the period which is

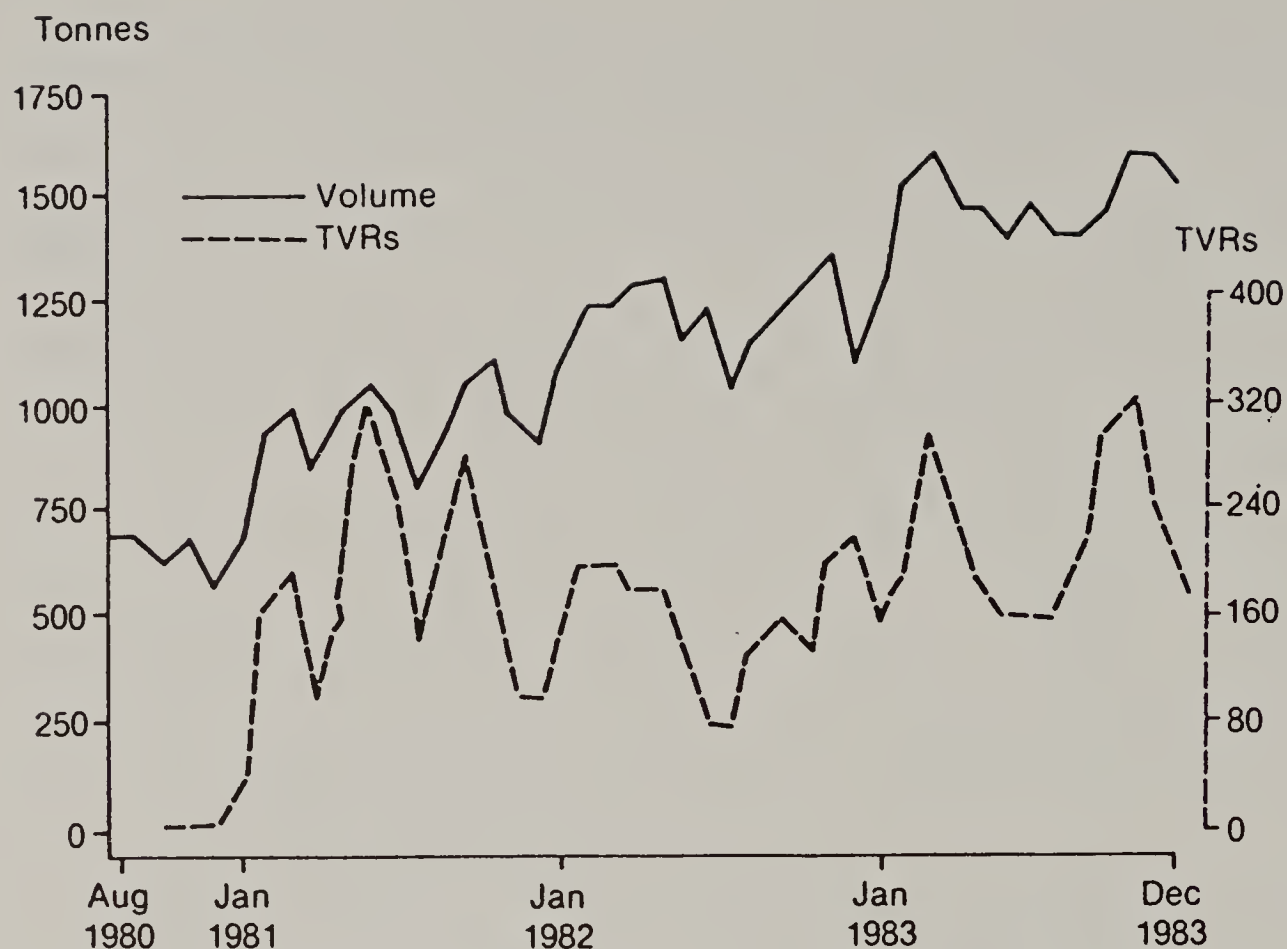


Figure 4. *St. Ivel Gold volume sales + TVRs, lagged & weighted (12 weeks)*  
Source: (volume) TCA.

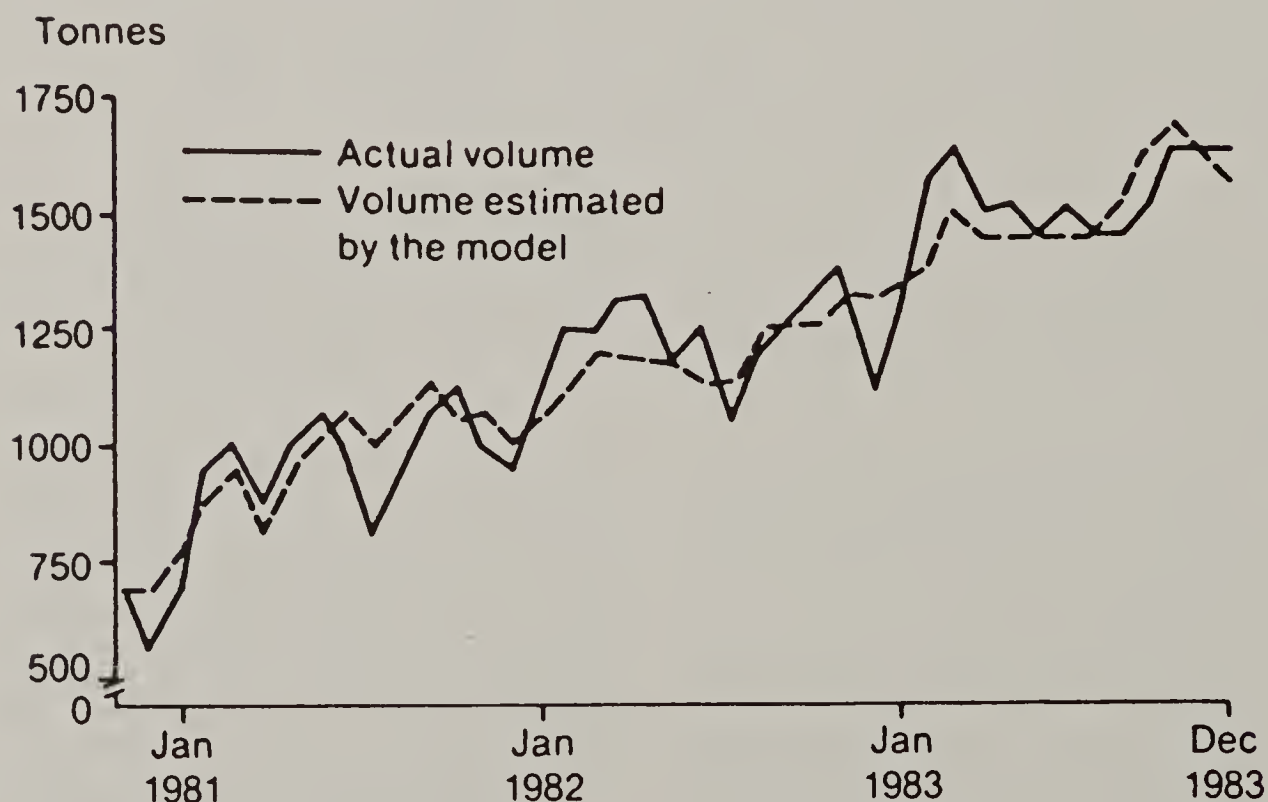


Figure 5. *Gold volume — actual and estimated*  
Source: (volume) TCA.

presented in Figure 6. Starting from a 'base level' of just under 700 tonnes per four weeks, sales rose to a level of about 1,600 tonnes. This growth represented additional volume over the whole period of approximately 20,000 tonnes, valued at £25.4 million at consumer prices. Our model directly attributes some 7,000 tonnes of this additional volume (the upper stratum shaded in

the diagram) to the short-term effect of the TV advertising. This 7,000 tonnes was valued at £8.9 million at consumer prices, while the total media budget was £5.4 million.

The contribution of this same advertising to the remainder of the additional volume — 13,000 tonnes valued at £16.5 million — cannot be assessed so directly; but since this additional



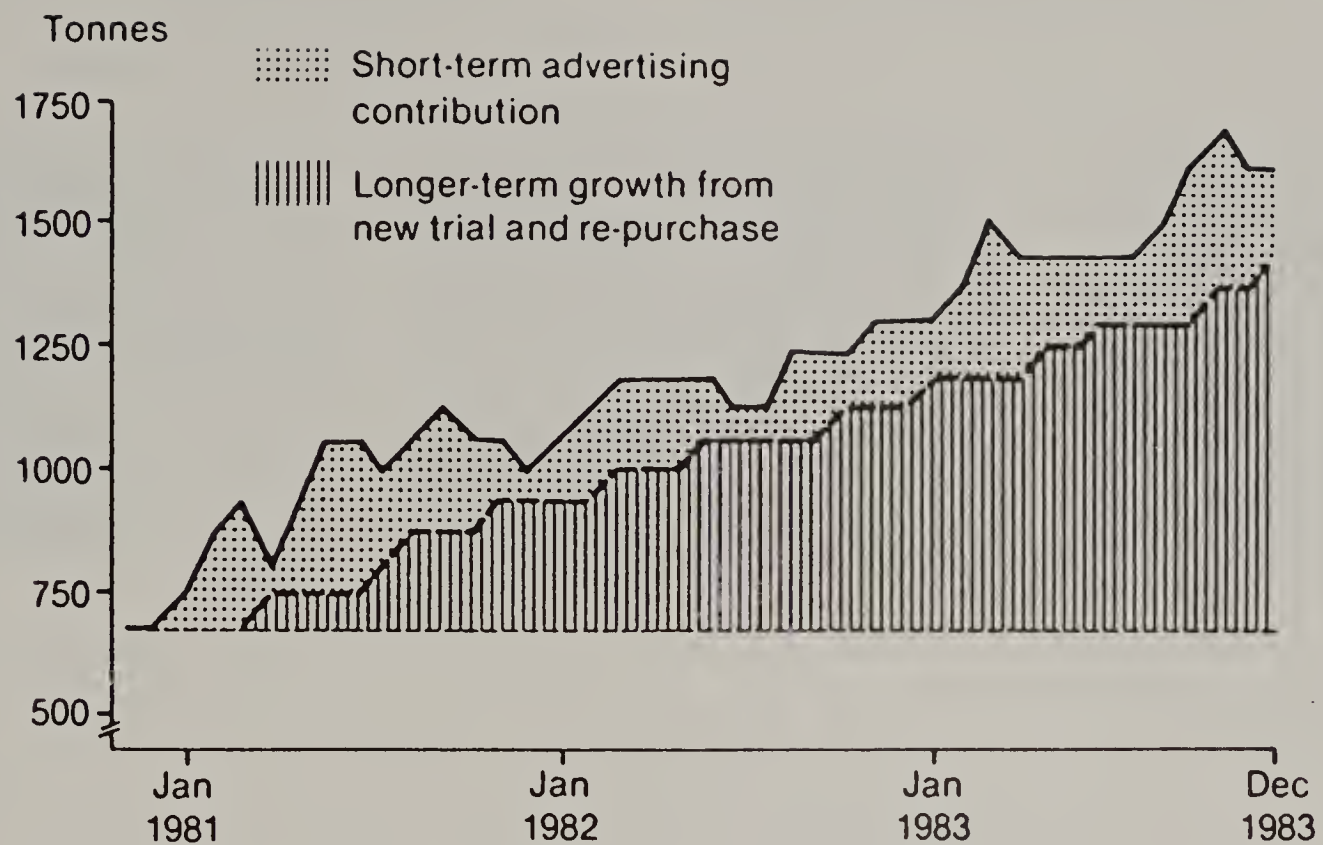


Figure 6. *Gold estimated volume — analysis of growth.*

volume was presumably due to increased and satisfactory trial of the brand and to its continued re-purchase, it seems reasonable to conclude that the advertising must have made a substantial contribution to it by providing both stimulus and reinforcement.

In response to this additional demand Gold production has increased to a point where the factory, previously operating well below capacity, has since been extended. As a result of this success the brand's position within St. Ivel has been reversed; from being a drain on resources prior to the new advertising, Gold is now a profit mainstay for the company.

APPENDIX

The model of consumer purchases of Gold referred to in the main text of this entry was based on an analysis of data derived from AGB's Television Consumer Audit, covering 41 four-weekly periods which began on 9th November 1980 and ended on 31st December 1983.

The quantity which the model was designed to estimate (the 'dependent variable') was the four-weekly volume of consumer purchases of Gold in Great Britain expressed in metric tonnes. The model took the form of a multiple regression equation of the following type:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4$$

where:

Y = estimated four-weekly consumer purchases of Gold (tonnes)

a = a constant (the 'base level' referred to in the text)

x<sub>1</sub> = gross housewife TVRs for Gold in current four-week period

x<sub>2</sub> = gross housewife TVRs for Gold 5-8 weeks ago

x<sub>3</sub> = gross housewife TVRs for Gold 9-12 weeks ago

x<sub>4</sub> = cumulative TVRs up to 12 weeks ago used as an analogue of the growth trend

and b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub>, b<sub>4</sub> are 'regression coefficients', which here represent the average volume of Gold (in tonnes) contributed by each unit of the independent variables. The technical details of the equation are:

The adjusted value of R<sup>2</sup> (a measure of the proportion of the variance explained by the equation) was 0.875.

The estimate of the total short-term contribution of the TV advertising to Gold volume over the period (7,000 tonnes) quoted in the text was obtained by multiplying each of the coefficients of x<sub>1</sub>, x<sub>2</sub> and x<sub>3</sub> in the above table by the mean value of the variable over the whole period (last column), summing, and multiplying the result by 41.

	coefficient (tonnes)	t-value	mean value of independent variable over whole period
a 'base level'	718.29	(17.0)	—
independent variables:			
x <sub>1</sub> TVRs, current	0.202	(1.4)	178
x <sub>2</sub> TVRs, 5-8 weeks ago	0.503	(3.7)	175
x <sub>3</sub> TVRs, 9-12 weeks ago	0.294	(2.1)	170
x <sub>4</sub> cumulative TVRs	0.106	(12.9)	2939

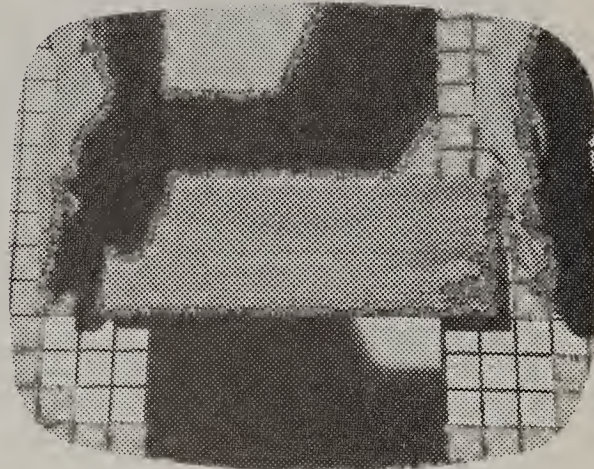
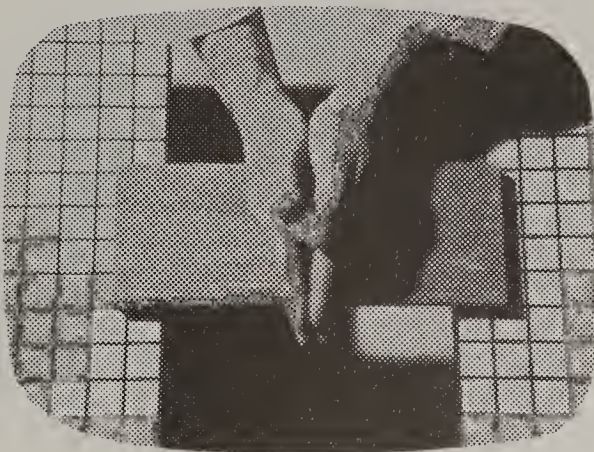


# ST. IVEL GOLD

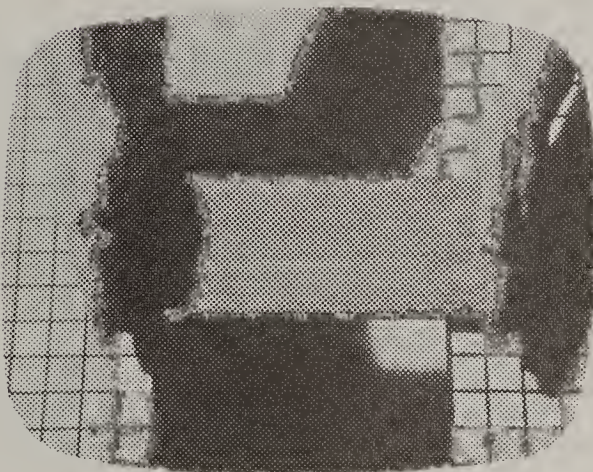
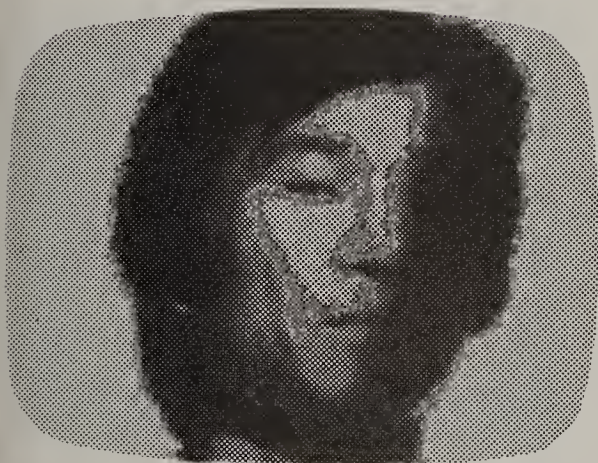
## "KARATE" 20 SECONDS



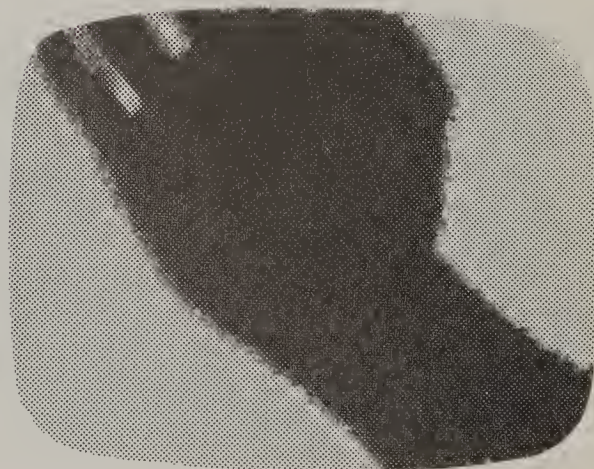
Get your figures straight.



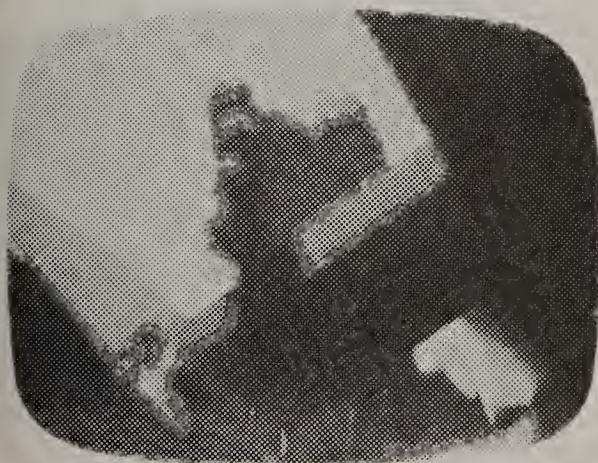
Butter 80% fat.  
All margarines 80% fat.



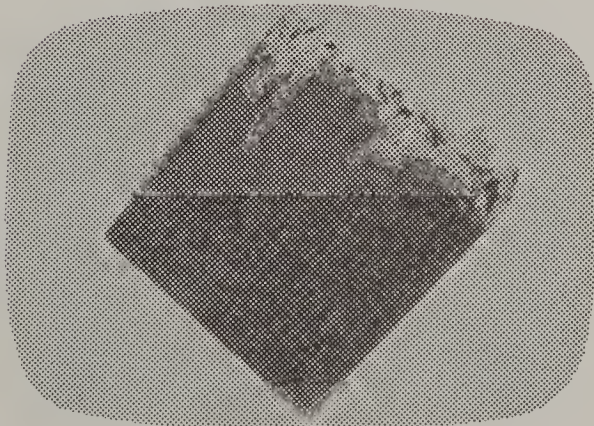
Even polyunsaturated margarines  
80% fat.



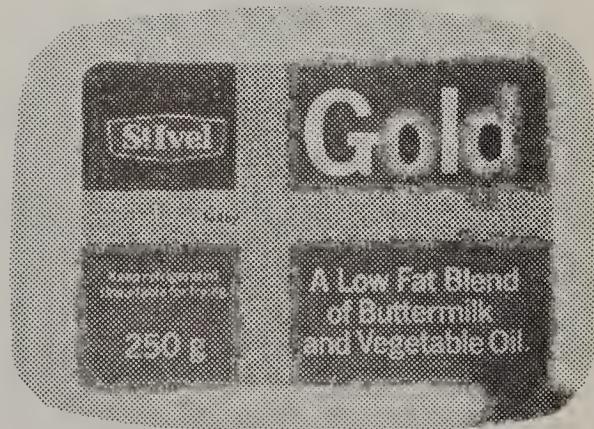
St. Ivel Gold . . .



. . . 40% fat.



Eat the one with half the fat.



Gold. From St. Ivel.

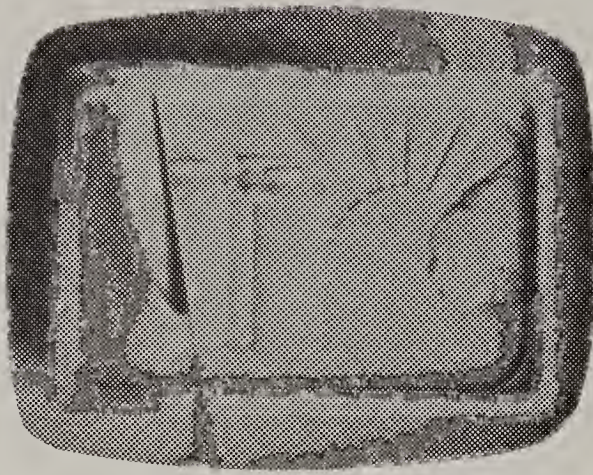


# ST. IVEL GOLD

## "SWIMMING POOL" 20 SECONDS



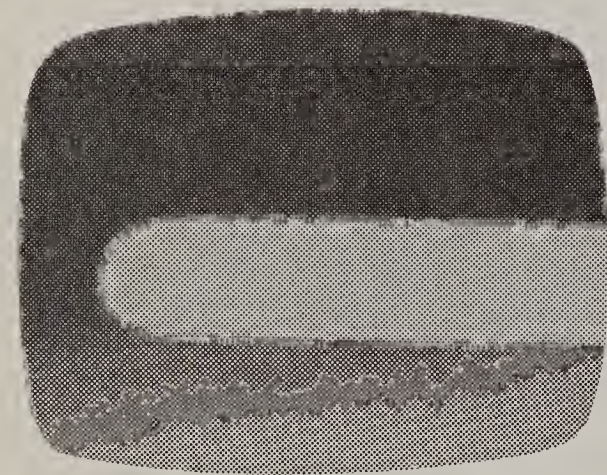
St. Ivel Gold is unique



It's made with vegetable oil and real buttermilk.



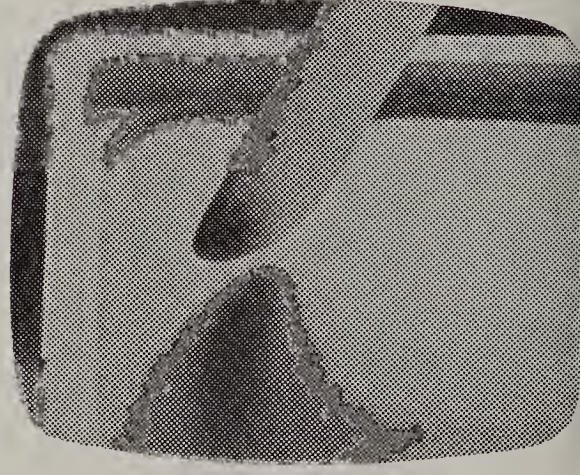
Yet it contains less than half the fat of butter,



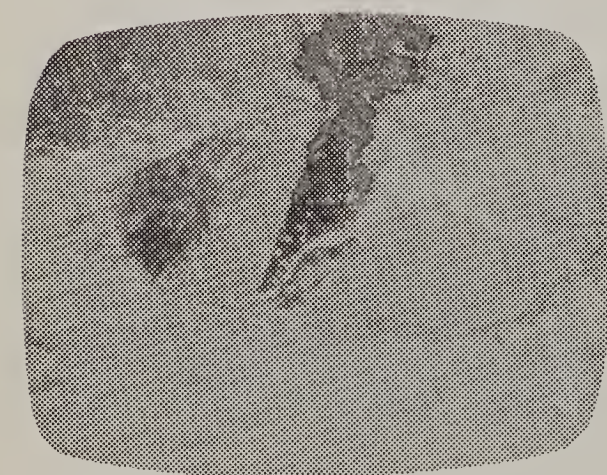
or any margarine.



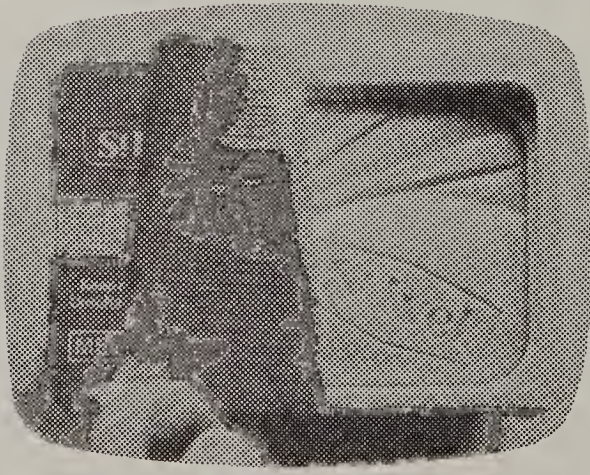
Think about it



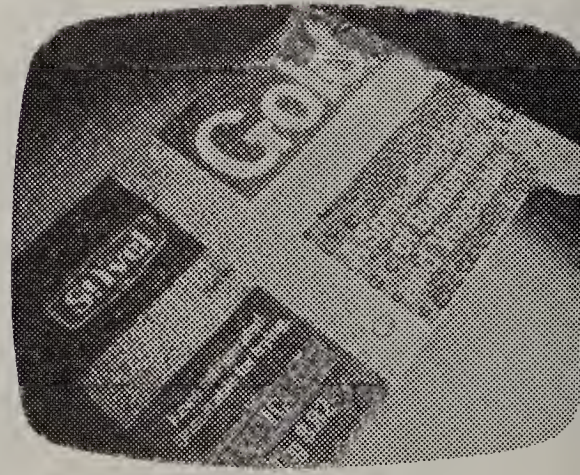
A buttery taste ...



with less than half the fat.



Gold.

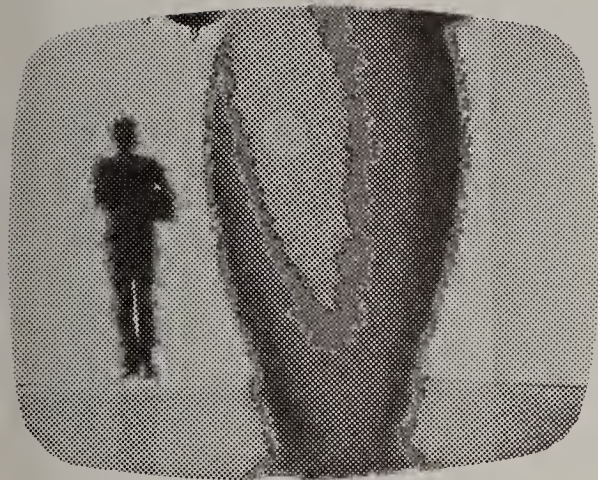


From St. Ivel.

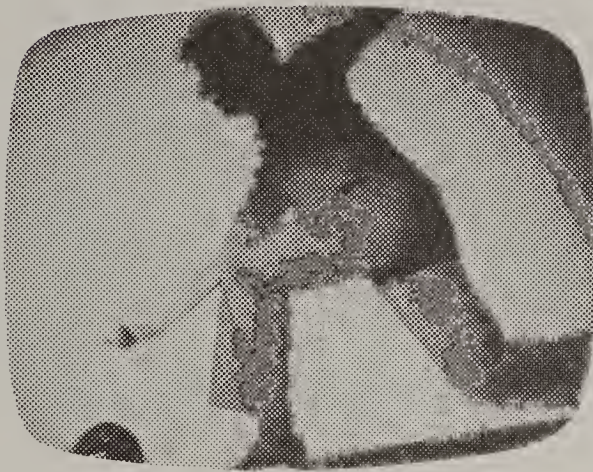


# ST. IVEL GOLD

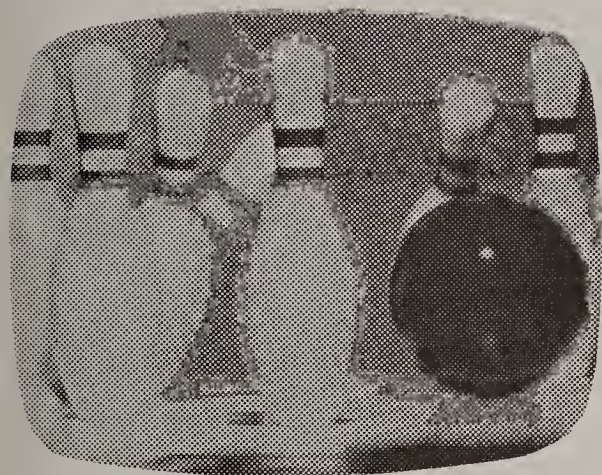
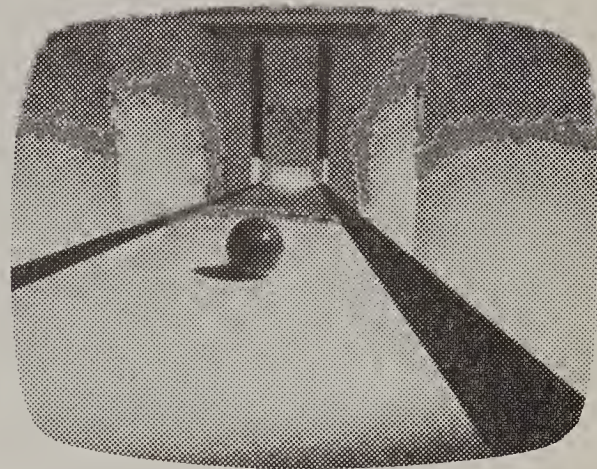
## "BOWLING" 20 SECONDS



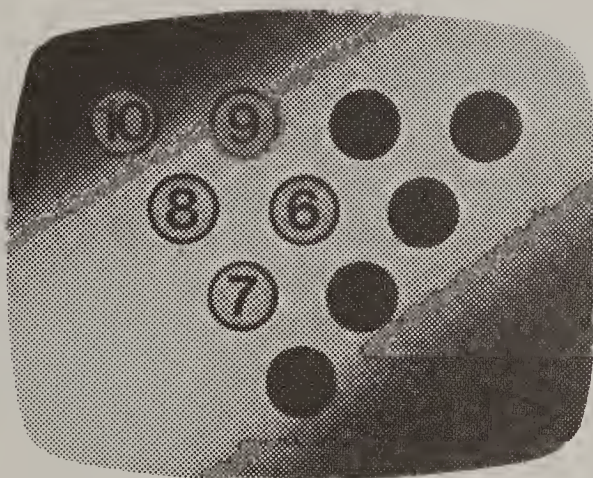
St. Ivel Gold  
High on taste



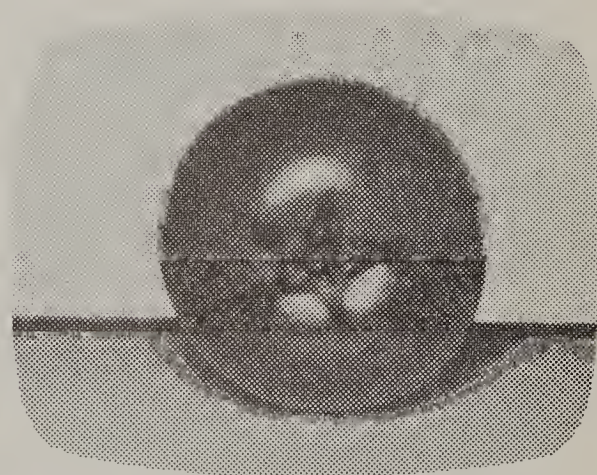
Low on fat.



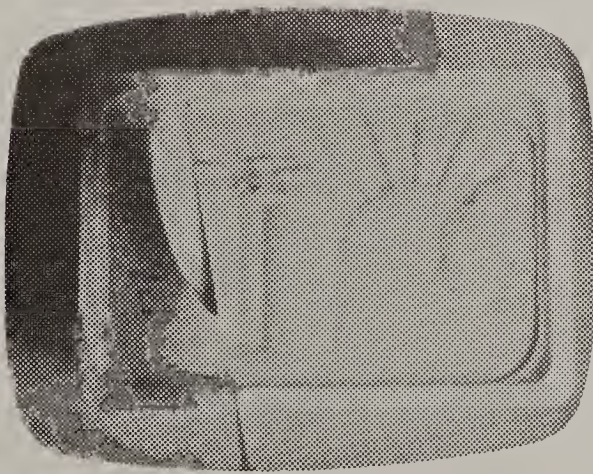
Just half the fat



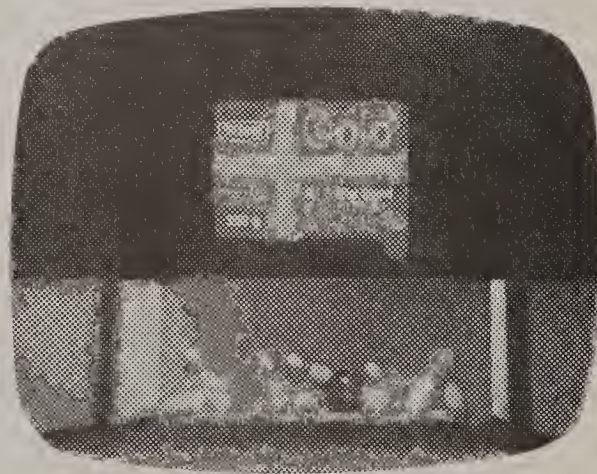
of any margarine.



It's made with vegetable oil  
and real buttermilk



and it tastes



smashing.







8

KRAFT DAIRYLEA: THE  
TRANSFORMATION OF A  
BRAND'S FORTUNES





## BUSINESS BACKGROUND

### The Company

Kraft Foods Ltd. is the UK operating division of one of the largest food manufacturing companies in the USA. They have substantial international businesses in most major markets. In the UK, Kraft market a range of cheeses (including Dairylea, Philadelphia, Singles and Slices), margarines, salad dressings and frozen foods.

### The Brand

Since its launch in 1950, Dairylea has been the leading brand of processed cheese spread in the UK. It has always been sold in its distinctive presentation of six triangular cheeses in a round box. A tub presentation was launched in 1977. The product is a distinctive, mild, creamy cheese, much enjoyed by children and adults alike. Dairylea is Kraft UK's biggest brand and major profit earner.

### The Market and Competition

The market for processed cheese spreads was estimated to be £50 million at retail selling price in 1983. The main branded competition to Kraft comes from Primula, a range of products in tubes. Other manufacturer brands represented are Rowntree Mackintosh, Kerrygold and Gold Spinner from St. Ivel. More recently many own-label and imported brands, all under-cutting Dairylea on price, have been introduced.

The National Food Survey shows processed cheese consumption in gradual decline, stabilising in the late 1970s (see Table 1).

There are two further sources of competition for processed cheese spreads in general and Dairylea in particular:

1. Natural cheeses — consumption of which grew by 10 per cent between 1975 and 1983, in particular the non-cheddar varieties such as Edam and soft white cheeses.
2. All other spreads such as meat and fish pastes, pâtés, Bovril and Marmite, vegetable spreads and jam. There is no evidence of any growth in this area since 1975.

## THE PROBLEM

### Business

From 1973 to 1980, sales of Dairylea were in consistent long-term decline. Every year ex-factory sales showed a fall, until in 1980 ex-factory tonnage was 64.3% of the 1973 level. Consequently, the historical margins on the brand were being squeezed, and increasingly trade dealing was further undermining the brand's profitability. Figure 1 shows Dairylea sales over the period 1975-80.

A number of factors were at work. Mathematical analysis indicated that two key factors affecting Dairylea sales were:

### DECLINING BREAD SALES

The bulk of Dairylea consumed is spread on bread. Bread consumption, on the basis again of the National Food Survey, showed a consistent decline from 1973-78 before stabilising. In 1980 consumption was 93% of the 1973 level. Figure 2 shows the trend in bread consumption over the period 1975-83.

TABLE 1: PROCESSED CHEESE HOUSEHOLD CONSUMPTION  
oz. per person per week

1975	0.28
1976	0.29
1977	0.24
1978	0.23
1979	0.23
1980	0.23
1981	0.24
1982	0.25
1983	0.24

Source: National Food Survey

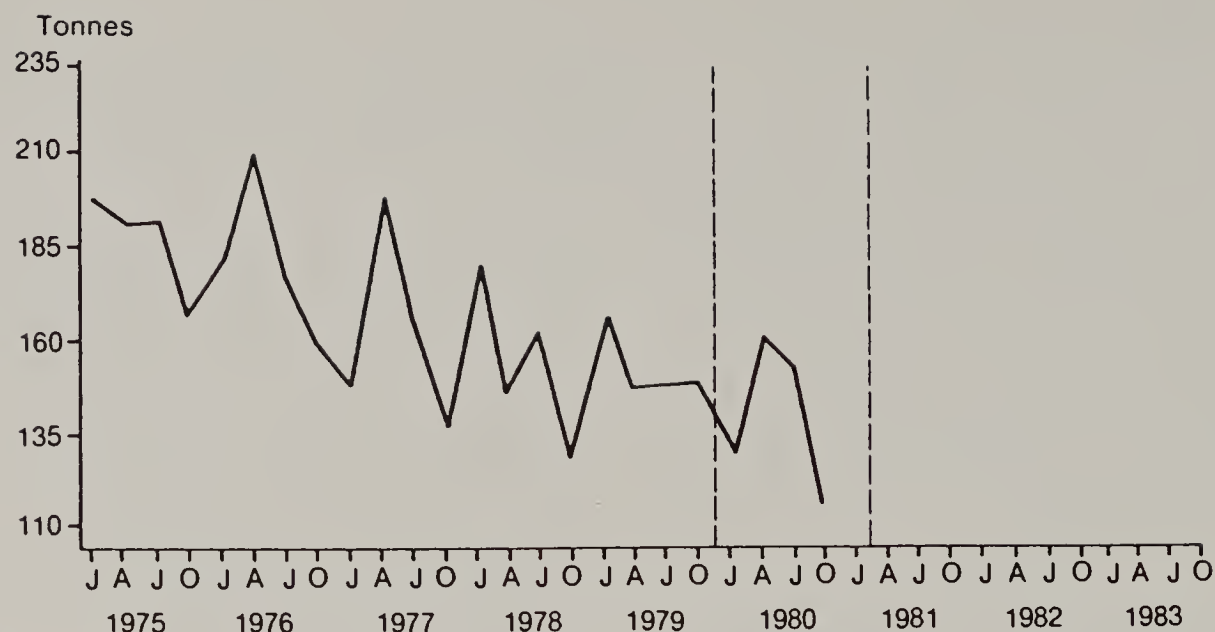


Figure 1. Quarterly ex-factory sales all Dairylea (tonnes) — actual (indexed).

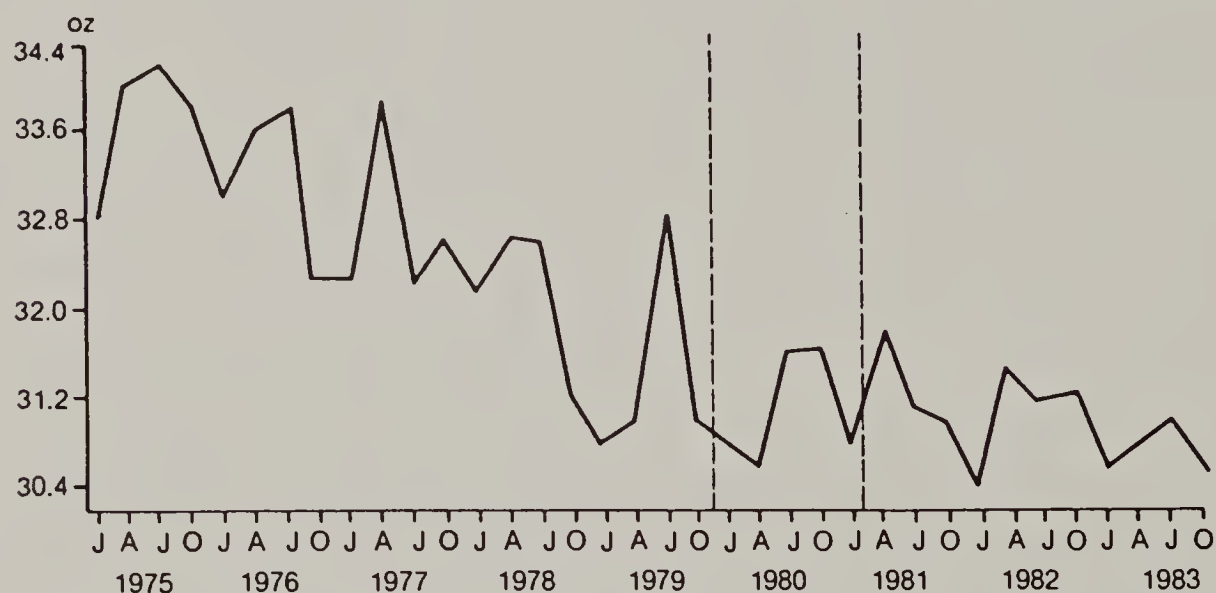


Figure 2. Quarterly domestic bread consumption: ounces per person per week  
Source: National Food Survey.

The jump in 1979 is related, we believe, to the increase of one million children switching to packed lunches as the prices of school meals rose. The subsequent period of stabilisation was heralded by the generic advertising campaign for bread reported on in *Advertising Works 2*. (See pages 31-38.)

#### LOWER REAL ADVERTISING EXPENDITURE

By 1979-80 Dairylea's level of real advertising expenditure had slipped back markedly (see Table 2). Within the processed cheese spread sector, considerable in-roads were made into Dairylea's market share by price-based competition, particularly St. Ivel Goldspinner and the many store's own-label brands introduced.

#### Identifying the Consumer Problem

Over the period of falling sales Dairylea's penetration had remained remarkably consistent. TGI indicated that the proportion of housewives claiming to buy in the previous six months had remained unchanged at

around 42 per cent (see Table 3). Dairylea has remained a brand more likely to be bought by housewives from the C1C2 social grades with children. In 1980, 47 per cent of 'triangles' users and 56 per cent of tubs' buyers were housewives with children, and it was estimated that 66 per cent of total brand volume was accounted for by members of households with children in them; 46 per cent of Dairylea servings are to children.

All the qualitative research conducted over this period indicated that Dairylea remained a highly regarded brand. Mothers considered its taste unique, and both attitudinally and in paired comparison product tests it was rated superior to any competitive brand. There was no clear evidence in any of this research that provided a direct indication of what was wrong with Dairylea — the brand was 'drifting' slowly, losing share in a declining market.

There were hints of two further factors recurring in qualitative research:



TABLE 2: 'REAL' DAIRYLEA ADVERTISING EXPENDITURE AT CARD RATES (MEAL) — DEFLATED BY RPI (ALL ITEMS) 1980=100

Year	Index
1975	120
1976	146
1977	131
1978	160
1979	90
1980	100

TABLE 3: DAIRYLEA PENETRATION 1973-80 (Base: all housewives)

	% either	% triangle	% tub
1973	41.8		
1974	42.4		
1978	41.6	38.0	6.7
1980	41.4	36.4	7.2

Source: TGI

1. Saturation in ownership of fridges was completed by the late 1970s and accompanying this was a move towards 'fresher' foods. Fresh, natural cheeses had become cheaper relative to Dairylea. Thus the easy storage of Dairylea ceased to be such an advantage, and its 'processed' quality increasingly a problem, and source of concern.
2. In the purchase of cheese spreads it seemed that mothers were more prepared to skimp and buy a cheaper brand when the purchase was primarily for the children. 'They'll not notice the difference'.

Other factors of note were:

#### THE PRODUCT

Minor formulation problems had taken place over the 1970s. The most significant product change was the introduction of the tub in 1977. This grew to account for 30 per cent of the brand's tonnage by 1980. But it failed to reverse the overall downward trend on the brand.

#### PREVIOUS DAIRYLEA ADVERTISING

Dairylea had been advertised throughout the 1970s with a number of different advertising campaigns and a variety of strategies. The period 1974-76 saw the use of TV with two campaigns majoring on the brand's appeal to children. 'Children's Drawings' preceded one set

on a stage at a school. A campaign featuring Stratford Johns followed this, and endeavoured to broaden adult consumption of the brand in a change of strategy.

From 1978-80, with budgets under pressure on several Kraft brands, a new approach was adopted for Kraft the company. The campaign used women's magazines primarily, and featured most Kraft brands in one overall campaign. Dairylea was featured prominently and the brand's budget funded one-third of the campaign. Over and above this a TV commercial, 'Drum and Triangle', was tested regionally over this period, but with disappointing results in those areas supported.

#### MARKETING STRATEGY

By 1980, Dairylea was at the crossroads. Kraft had to take a decision about Dairylea's future as a major advertised brand. A complete reappraisal of the brand's performance and potential was undertaken. A considerable body of qualitative and quantitative research was reviewed.

The conclusion reached was that Dairylea still had considerable strength and relevance. Its basic product quality was recognised. Children expressed an overwhelming preference for it. The brand's history was another strength, for today's mothers remembered the brand fondly as part of their own child-

hoods. Its main weakness was that it was seen as processed, a little artificial in some way, and hence not real food. Nutritionally, mothers expressed doubts about Dairylea.

The decision was taken to re-present Dairylea in such a way as to capitalise on the brand's strengths and modify consumers' perceptions so that its mild, pure, dairy-based virtues and child-appeal predominated over concerns about its processed nature and perceived artificiality. There were three basic elements involved in this re-presentation:

1. New advertising.
2. A commitment to a higher level of advertising expenditure.
3. A minor revision of the packaging graphics to make them brighter, clearer and more impactful.

The marketing objectives were:

- to maintain brand leadership and the price premium, with modest growth in tonnage;
- to achieve growth in sales of the tub in order to compensate for further expected decline in triangles' sales.

### ADVERTISING STRATEGY

The advertising strategy developed took the following form:

#### Advertising Objectives

1. To increase the frequency of purchase of Dairylea among existing occasional buyers.
2. To build an image for Dairylea as delicious, nutritious, creamy cheese made from natural ingredients, which children love.

#### Role for Advertising

To remind mothers how much children enjoy Dairylea and to build their impression of its natural goodness.

#### Target Group

Every mother with at least one child between the ages of two and twelve. She is concerned, or likes to think she is concerned, about giving her children the right kind of foods to make them grow up healthy and strong. At the same time, however, it is 'anything for a quiet life' and she will prefer to buy things they ask for, or she knows they like.

### Target Responses

#### NOTICE

- Dairylea looks really appetising spread like that. It comes in a tub as well as triangles.

#### BELIEVE

- I will be doing the children some good if I give them Dairylea because it is made of good dairy ingredients (butter, milk, cheese).
- If I get some Dairylea in, I can be sure it will be eaten. It is really popular with the kids.
- The tub is a convenient way of serving Dairylea, particularly when they (the kids) are all in together.

#### FEEL

- I know that I am giving the children the right sort of food if I give them Dairylea. It is nice to see them tucking into it.

Two commercials have been developed to this strategy. 'On the Farm' ran in 1981 and 1982, and 'Mural', its successor which features the tub, ran in 1983. Storyboards for the two commercials are included. Both commercials have key elements in common:

- bright, robust, healthy, lively children enjoying Dairylea together;
- strong links with the farm, cows and outdoor activity;
- illustration of the natural ingredients (butter, milk and cheese) from which Dairylea is made;
- the Dairylea tune and song;
- the Dairylea cow graphic linking with the greater prominence given to this on the revised packs;
- the line 'Kids will eat it till the cows come home', linking with store promotion and displays.

### Media Selection

The final strand of the re-presentation involved increasing the impact and salience of the brand. The advertising set out to be more memorable and intrusive than any previous Dairylea advertising in order to meet the objective of halting the decline in frequency of purchase among existing users.

TV was the only medium felt to provide this impact, and from 1981-83 has been the sole medium employed.



There have been six periods of TV advertising over this period using the new commercials. The results can be seen in Table 4.

the product can support an image of healthy good food values and nourishing wholesome ingredients.”

TABLE 4: ADVERTISING SCHEDULE

	Network TVRs
‘On the Farm’	
April-May 1981	786*
September-October 1981	388*
April-June 1982	613
September-October 1982	382*
‘Mural’	
June-July 1983	491
August-October 1983	473

\* These bursts are regional to the extent that they covered only the 70-80 per cent of the country where per capita sales and the penetration of Dairylea buyers were higher, and better media value could be obtained this way.

RESPONSES TO THE ADVERTISING

Qualitative Research

Two major programmes of qualitative research have been undertaken into the new Dairylea campaign. In January 1981, the Consumer Connection conducted eight group discussions with mothers into all elements of the representation of the brand. Their findings relating to an animatic of ‘On the Farm’ were summarised as:

“Overall this is well received. It was conveying a suitable message and image for Dairylea.”

More detailed respondent quotes illustrate this:

“That one shows it’s good for you, it’s the farm aspect — it’s natural.”

“The dairy product thing is coming through — the cow, the farm.”

“They are tough kids, so it doesn’t look as if it’s for softies.”

“That’s more what you’d associate Dairylea with — cows, and a little bit of sunshine...out of doors...good fresh air.”

And a further four group discussions were conducted by The Qualitative Consultancy into the animatic of ‘Mural’ in March 1983. Their summary concluded:

“The animatic ‘Mural’ creates a strong interest among current users and non-users of Kraft Tubs. The healthy children and outdoor setting mean that

Respondents’ comments were again favourable:

“It’s made from milk and butter and cheese. Very catchy. It grows on you.”

“Fresh and natural and good for you. It appeals to me. It is happy and healthy, everybody’s idea of being in the country.”

“I think it’s a good advert, very cheerful and entertaining. My children would love that, munching around, fresh air.”

These two pieces of qualitative research into animatics provided invaluable guidance in executing the finished commercials.

Quantitative Research

Just as the ‘Mural’ commercial went on air a quantified test was conducted by the market research company RBL, using their pre-testing technique. This involved testing the effectiveness and communication of ‘Mural’ using comparisons between a test sample of 150 exposed to the commercial, and a similarly sized control sample exposed to the pack only. The findings endorsed the qualitative research. All key measures of the commercial’s likely effect — propensity to buy, overall opinion and brand associations — were directionally higher among the sample exposed to the commercial. But because of the very high scores recorded among the control sample few differences were statistically significant.

The commercial was found to

enhance mothers' image of Dairylea as a dairy product that is liked by and good for children. The research also provided further important reassurance about the tub presentation and the wisdom of featuring only this pack in the new Dairylea commercial.

EFFECTS ON SALES

The new Dairylea advertising and representation of the brand has had a dramatic effect on sales of the brand. The long-term decline has been reversed. Ex-factory tonnage has grown each year (see Table 5). Ex-factory despatches in 1983 were 21.4 per cent above the low level of 1980. All the additional volume has come from the tub presentation with the rate of decline of the triangle slowed considerably. The issue is whether any factors other than the revised advertising could account for the brand's growth. Distribution and price can be discounted.

CONSUMER BEHAVIOUR

TGI indicates that six-monthly purchase penetration of the triangles has remained consistent but that of the tub has grown (see Table 7). In consumer terms the increased volume has clearly come from an increased frequency of purchase from existing users, reversing the trend of the 1970s.

THE VALUE OF THE ADVERTISING

Mathematical modelling has been undertaken to establish the likely level of Dairylea sales, in the absence of the repositioning and change of advertising strategy. The model constructed is explained fully in the Appendix. It suggests that the two key variables determining Dairylea's ex-factory sales are bread consumption and advertising expenditure. The model explains 64 per cent of the variance in the Dairylea sales trend over the period 1975-80. Figure 4

TABLE 5: DAIRYLEA: VOLUME SALES GROWTH

1981	+ 10.5%
1982	+ 4.5%
1983	+ 5.1%

Source: Kraft

1. Distribution has remained constant. Sterling-weighted distribution of triangles and tubs has not changed (see Table 6).	shows the fit of the model against actual sales. From this work, forecasts have been prepared for the period 1981-83 of what
--	---

TABLE 6: DAIRYLEA: STERLING DISTRIBUTION

	1978	1982
Triangles	95%	94%
Tubs	69%	72%

Source: Kraft

2. Since 1980, the 'real' ex-factory price of Dairylea has risen much faster than wholesale food prices in general, as Figure 3 shows. This is a further significant indication of the increased 'strength' of the brand. Trade dealing and price cutting have been largely eliminated. This increased net sales value of each tonne has been a major contributor to the increased profitability of the brand.	Dairylea sales would have been, given the level of bread consumption monitored, and had advertising support been continued at the average real cost level pertaining in 1979-80 and deployed in the same way. These projections indicate that Dairylea sales would have continued to decline, albeit at a slower rate than previously. In fact Dairylea sales began to rise from the first regional burst in 1981. In
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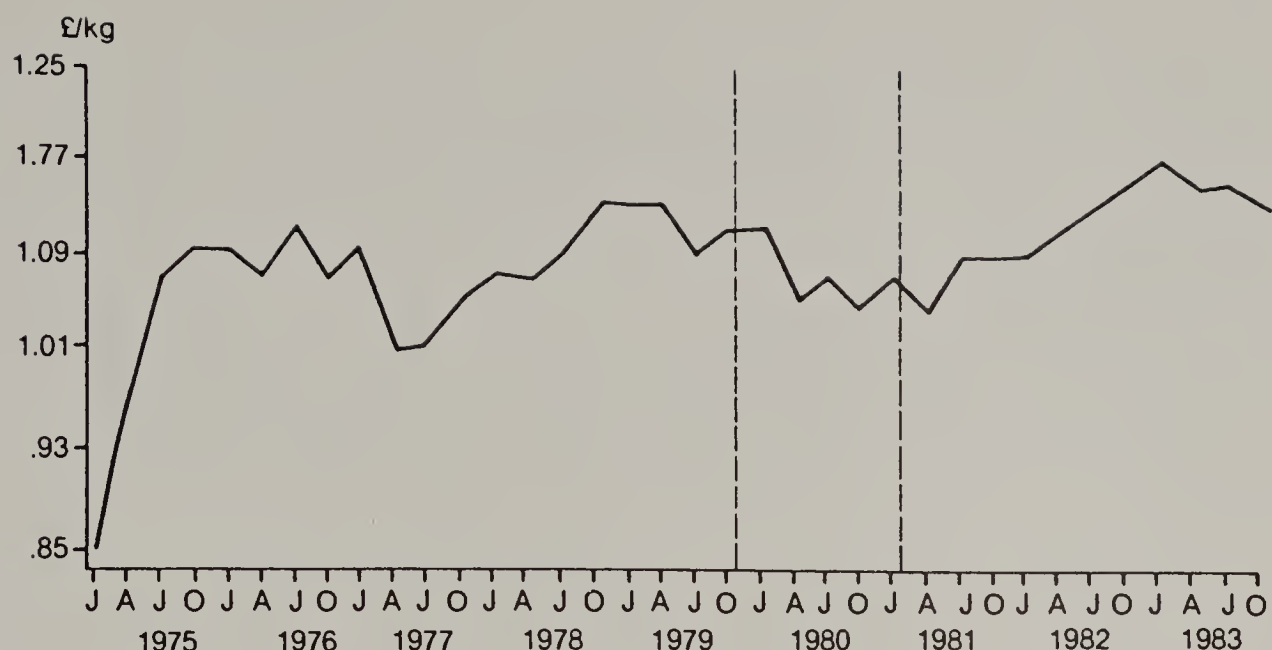


Figure 3. 'Real' ex-factory price of Dairylea (all pack sizes) in £ per kg.  
(=actual current price deflated by Index of Wholesale Prices, Output  
of Food Manufacturing Industries: Mar 1975 = 100)

TABLE 7: DAIRYLEA PENETRATION: 1980-83

	Triangles %	Tubs %
1980	36.4	7.2
1981	37.9	8.9
1982	38.1	10.5
1983	36.2	10.3

Source: BMRB/TGI

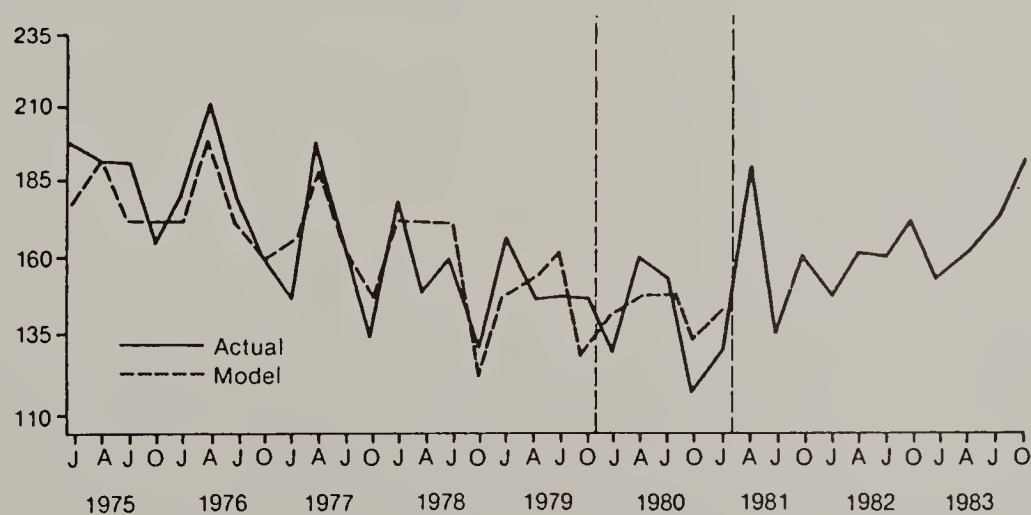


Figure 4. Quarterly ex-factory sales, all Dairylea (tonnes) indexed.

all the extra sales (the difference between the projection and those achieved) totalled 13.5 per cent more than those projected over the full period. That tonnage is indicated by the shaded area in Figure 5.

Over the eleven quarters, the profits

on that extra tonnage exceeded the total additional advertising cost (above the 1979-80 average level) by a margin of 66 per cent. Thus, the increased advertising investment yielded immediate and substantial extra profits.

Profit levels to Kraft on the brand

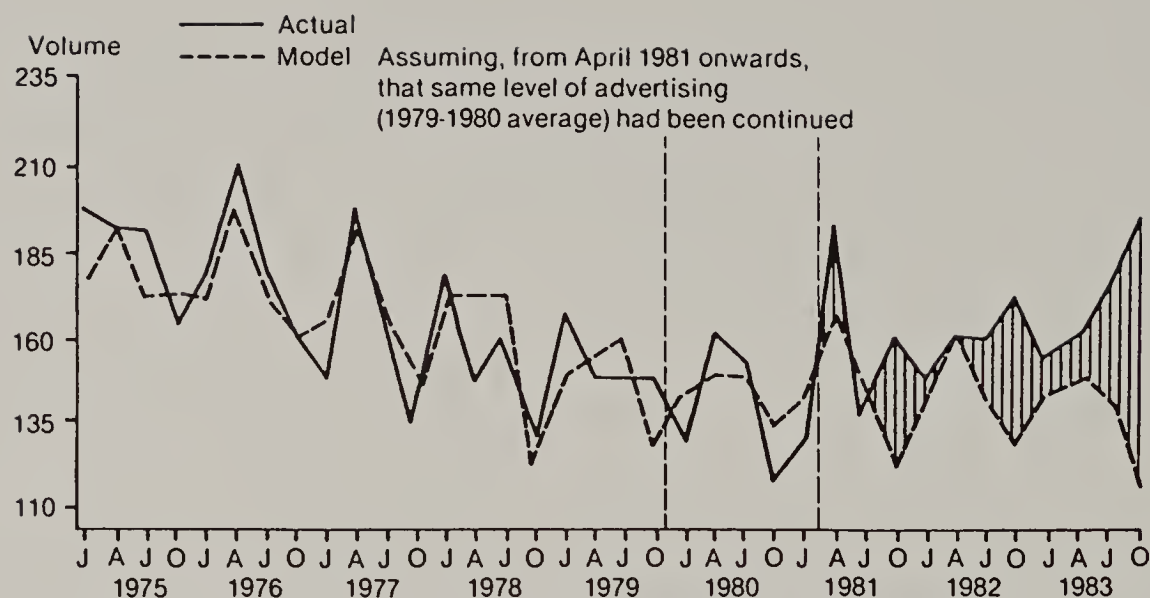


Figure 5. Quarterly ex-factory sales, all Dairylea (tonnes) indexed.

have increased markedly. Economies of scale of production have been recovered. The increasing strength of the brand has enabled trade discounting and dealing to be cut back. The extra tonnage has been highly profitable tonnage to Kraft for these reasons. Indeed an index of the profits (in 'real' terms) gained from Dairylea by Kraft shows the following trend (see Table 8). As a result of the re-representation Dairylea has been transformed in three years, and should now continue to be Kraft's major brand and profit earner for the rest of the decade. In 1979 this seemed unlikely.

advertising and marketing mix have worked together. The new creative approach has worked in combination with the higher level of support, the solus use of TV, and the revised pack graphics. In our view the transformation of the brand's fortunes would not have been possible without the new advertising content.

2. It is also our view that advertising was the only variable in the marketing mix which could both reverse the long-term sales decline *and* at the same time translate the additional investment into a signifi-

TABLE 8: DAIRYLEA: 'REAL' PROFITS (1980 = 100)

1979	110
1980	100
1981	49
1982	104
1983	185

Source: Kraft

### The Future

It is planned to continue this successful strategy on Dairylea. Two national waves of advertising are envisaged each year. A first burst in 1984 has resulted in a further sales uplift of 12 per cent, in March and April, over 1983 levels.

A third commercial developing the successful key elements of 'On the Farm' and 'Mural' is planned for 1985 to avoid any problem with wear-out resulting from over-exposure.

### CONCLUSIONS

1. A number of key elements in the

cant improvement in the brand's profits in three years.

3. More importantly the new advertising approach has achieved three years of sustained growth for a brand which in 1980 appeared to be in a state of terminal decline. At that time Dairylea was in danger of suffering further cut-backs in support and being 'milked' for profits. In this respect, and at a broader level, this study calls into question any over-ready acceptance of brand life-cycle theories.



APPENDIX

The model of Dairylea ex-factory sales volume referred to in the text was based on a multiple regression analysis of data from 25 quarterly periods beginning with January, 1975 and ending in March, 1981.

The equation was of the form:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

where:

Y (the 'dependent' variable = quarterly ex-factory sales of Dairylea (all pack sizes), in tonnes.

X<sub>1</sub> = domestic bread consumption, in ounces per person per week (source: National Food Survey).

X<sub>2</sub> = quarterly advertising expenditure for Dairylea in £000 at card rates (source: MEAL), *deflated* by the Index of Retail Prices (all items), January 1984 = 100.

X<sub>3</sub>, X<sub>4</sub>, X<sub>5</sub> were 'dummy' variables for the first, second and third quarters of each year respectively. (Each of these variables had the value of 1 in the relevant quarter and 0 in other quarters.) 'a' was a constant derived from the analysis and b<sub>1</sub> b<sub>2</sub> ... b<sub>5</sub> were 'regression co-efficients' expressing (in tonnes) the average volume of Dairylea associated with each unit of the variable concerned.

The technical details of the equation are as follows:

variable	coefficient (tonnes indexed)	t-value
X <sub>1</sub> bread consumption	139.8	5.2
X <sub>2</sub> real ad.expenditure	1.267	2.0
X <sub>3</sub> 1st quarter	216.8	2.7
X <sub>4</sub> 2nd quarter	177.5	2.0
X <sub>5</sub> 3rd quarter	71.7	0.8
a (constant term)	-3106.9	-3.6

The adjusted value of R<sup>2</sup> (the proportion of the variance 'explained' by the equation) was 0.64.

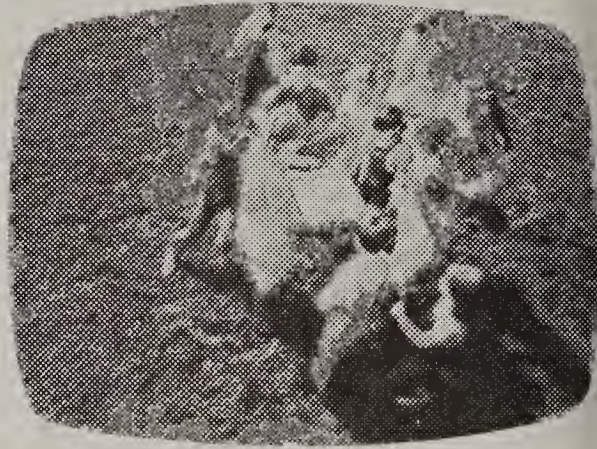
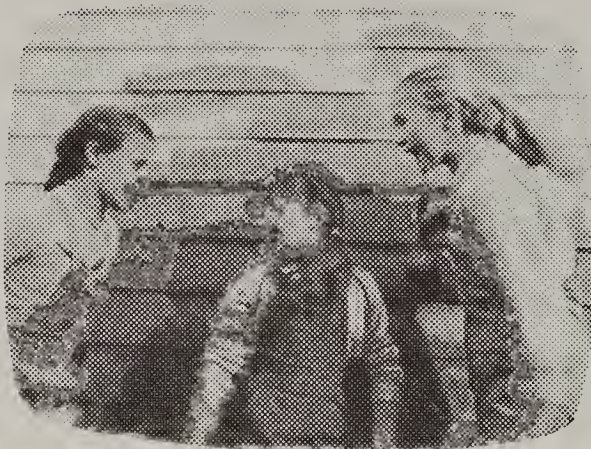
In using the model to 'predict' the levels which Dairylea sales *would* have taken in each quarter from April 1981 to December 1983 if the new campaign launched in April 1981 had *not* been undertaken, the assumption was made that throughout this period 'real' adver-

tising expenditure (at January 1974 prices) in each quarter was at the average levels which it had reached in 1979-80, namely: 1st quarter, £23,000; 2nd quarter, £101,000; 3rd quarter, £71,000; 4th quarter, £15,000. The levels of bread consumption used in the prediction were the actual levels, taken from the National Food Survey.



# KRAFT DAIRYLEA

## "MURAL" 30 SECONDS



### Kids Musical V/O:

My tummy says  
it's time for tea  
So let's down tools for  
DAIRYLEA.

There's enough for him  
an' me  
an' me  
A taste of the country.

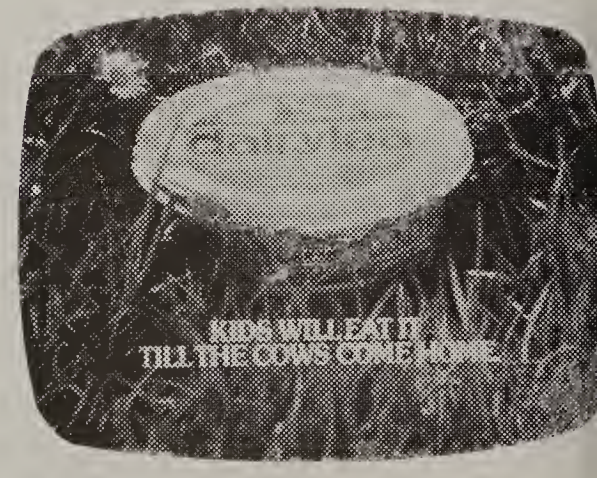
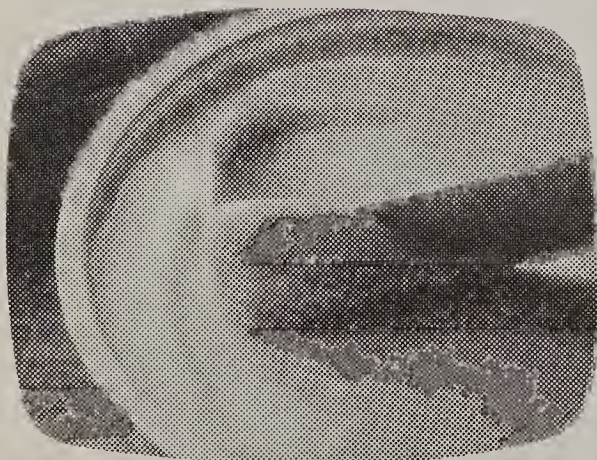


I like the taste of butter  
I like the taste of cheese

I like the taste of milk

### Farmer V/O:

They're all in DAIRYLEA



### Kids Musical V/O:

Straight from the tub  
Our mums have found  
there's so much  
more to spread around

It tastes just great  
It's good for you  
A taste of the country.

### MVO:

Kraft DAIRYLEA  
Kids will eat it till the cows  
come home.



9

TSB's SCHOOL LEAVER  
CAMPAIGN,  
1984-85





## BACKGROUND

The TSB has its origins in the Industrial Revolution and in the development of independent trustee savings banks operating as small savings institutions. From the early informal links between these banks, which at one time numbered over 600, the movement coalesced by association and amalgamation into the TSB Group as it is today, with just four banking companies: TSB England & Wales, TSB Scotland, TSB Northern Ireland and TSB Channel Islands.

The pace of change accelerated in the 1960s, in response to consumer needs for wider and more flexible money services. TSB introduced cheque accounts in 1965, in addition to its previous savings accounts, followed by personal lending and overdrafts, a credit card (Trustcard), mortgages, life, household and motor insurance, and the development of commercial and corporate services. Today's TSB offers the full range of services of a major banking and financial group and competes on equal terms with other major High Street banks.

This case history deals with one particular marketing operation out of the many that the TSB conducts: the recruitment of new customers among school leavers, by TSB England & Wales.

## RECRUITMENT STRATEGY

The TSB Group handles more than 13 million accounts on behalf of some 6 million customers. The profile of this customer base is less middle-class oriented than the other High Street banks, which is understandable given the origins of the TSB and its reputation as the 'people's bank'. Less understandable — and a source of concern — is the fact that the customer profile is also older than the other banks.

All the High Street banks compete intensely for share of new accounts opened. Since the main opportunity to

recruit new customers is to catch them when they first come to need banking services, this competition is directed chiefly at the youth market. Half the new cheque accounts opened each year are owned by people under the age of 25.

To redress the imbalance in its customer age profile, the TSB needed to gain an above-average share of new youth accounts. But there was a severe problem. The other banks had traditionally directed most of their activity towards the student market: those going on to higher education at university or polytechnic, and subsisting on a student grant. These young people, it was judged, would become valued customers in the future. But TSB's share of the student market was weak, largely because of a lack of conveniently accessible on-campus branches. These had become very expensive both to establish and to operate.

In 1983, when reviewing their recruitment strategies, the TSB decided that the heavy investment needed to raise their share of the student market could not be justified. Instead, they decided to focus attention on the remaining three in four school leavers who were not going on to higher education and were available for full-time employment. Individually, members of this group might not present as good a potential source of profitable business in the future as the higher-flying students (though the point is debatable), but in quantity they amply made up for any shortfall in quality. Moreover, much less marketing activity from the banks as a whole had been addressed specifically to school leavers. They presented a relatively untapped opportunity.

Table 1 shows banks' advertising expenditures in TV and press, as reported by MEAL, on campaigns directed at the various parts of the youth market. Most is spent on student recruitment. TSB has concentrated on school-leavers.

TABLE 1: BANKS' ADVERTISING EXPENDITURES FOR YOUTH MARKET (TV AND PRESS)

	1983 £000	1984 £000	1985 £000	1985 Media
Barclays:				
School leavers	464	339	603	TV
Students	622	212	781	TV/Press
Young adults	—	839	1,222	TV
Lloyds:				
Students	341	448	266	Press
Midland:				
School leavers	303	347	—	
Students	347	342	615	Press
Young adults	—	—	88	Press
NatWest:				
'On Line' savings a/c	633	751	149	Press
School leavers	246	—	—	
Students	672	708	966	Press
Young adults	—	—	1,168	TV
TSB:				
School leavers	—	453	1,316	TV/Press

Source: MEAL

The marketing strategy for youth recruitment in 1984/85 was therefore defined as follows:

Target Audience

15 to 19-year-old school leavers:

- Going into full-time employment (primary target)
- Going on to higher education (secondary target)

Objectives

1. Increase the number of new cheque accounts opened by school leavers with the TSB. (Progress in 1984 led to a more specific target of 79,000 new accounts in 1985.)
2. Increase total awareness and, in particular, the salience (unprompted awareness) of TSB, among the target audience.
3. Enhance the TSB's image as efficient, warm, friendly and welcoming to school leavers.

It should be borne in mind that this was just one of several simultaneous strands of marketing activity. Each campaign had its own strategy and objectives. At the same time, each campaign also had to contribute towards the corporate whole. The bank is the brand. And every element of each piece of

marketing activity has to be true to the brand.

COMMUNICATIONS STRATEGY

Within the 15 to 19 target age range, this new strategy had shifted the primary emphasis away from the student (18 to 19) to the school leaver (16 to 18). Purely in years, the difference is small. But, as any parent of grown-up children can confirm, the difference in experience, in maturity and in outlook is enormous. Our communications strategy had to be appropriate to the new younger target.

Research confirmed that these school leavers are tugged in two different directions. On the one hand, they need to demonstrate their new independence (from school and parental 'authority') by publicly rejecting the mores of the previous generations. This is clearly visible in how they present themselves (dress, hairstyle, make-up), in the music styles they go for, and in the way they use language and slang. On the other hand, having money of one's own, and being able to handle it sensibly, are also outward symbols of being adult and independent. So there is less rejection of expert advice on money matters, provided it is neither authoritarian nor too overt. In this



respect, banks are regarded with a mixture of respect (they are experts) and fear (they appear forbidding and difficult to approach).

We needed a communications strategy that would dissipate the fear without damaging the respect.

We had one advantage. The TSB image was less firmly fixed in the traditional bank mould than its competitors. It was already less unapproachable. We could capitalise on this *if* we could find a means of communicating with school leavers in a style of language that struck a chord with them, and which avoided being either patronising or false.

The solution adopted was a carefully tailored mix of a promotional package, conventional media advertising and a new and unconventional medium. Each of these elements had a different and specific role to play. But each was dovetailed in with the others to work as a whole.

The component parts were as follows (and see Table 2 on page 72).

#### **Promotional Package**

A package of incentives when you first open a cheque account is usual in this market. Aimed primarily at students, such incentives have typically included, for example, free student railcards, temporary overdraft facilities at special student rates of interest, and discounts on appropriate merchandise. For school leavers a different package was devised.

In 1984 this package consisted of a promise of three years' free banking (while in credit) plus discounts on top LP or cassette albums and on personal hi-fi equipment and keyboards, as well as all the usual banking services.

For 1985 the package was further expanded to include, in addition to free banking, a discount card for use in Virgin music stores, a mail order programme offering savings on records, cassettes and videos, and discounts on Yamaha and other musical instruments.

#### **TS Beat**

Continuing the music theme that was central to the operation, TS Beat was devised as a free magazine for specific and carefully targeted circulation. Copies were distributed to secondary schools, to sixth form and further education colleges, to youth clubs,

leisure centres and YMCA clubs, to careers officers, youth advisers, leisure officers in local authorities, and to universities, polytechnics and teacher training colleges. All of these were distributed in the quantities requested by the recipients when they answered a prior mailing shot. In general, the response to this mailing was gratifying: about 35 per cent of schools, for example, wrote back requesting copies. TS Beat was also made available at rock concerts and dispensed, in large quantities, through TSB branches.

The magazine runs to three editions a year, distributed during March, June and September, and is now in its third year of publication. Each edition consists of up to 1 million copies, and total distribution has been 2.3 million in 1984 and again in 1985.

Primarily devoted to 'chart' music matters and written in the popular music magazine idiom, TS Beat also carries articles on financial matters for the school leaver. And it carries advertisements for TSB banking services and the TSB-promotional offers.

#### **Conventional Media Advertising**

The primary medium in 1984 and 1985 was television, with a commercial in the style of the overall 'The bank that likes to say Yes' campaign, but recognisably addressed to the youth market. It emphasised the free banking offer, the availability of cheque guarantee and Speedbank cash dispenser cards, and the music and Virgin discount card offers. It also cross-referred to TS Beat and its availability in bank branches.

In 1984 TV advertising was concentrated into bursts: in June, September and (to a lesser extent) December. The results in terms of accounts opened led to a different timing in 1985: a continuous low-level campaign from July to September. This difference in timing played a significant part in evaluating advertising's contribution to the success of this marketing programme, as will be discussed later. Supporting media used were cinema, teenage and music magazines, and radio in selected areas.

The advertising's 'tone of voice' was adjusted to fit the medium. Just as TS Beat adopted the popular music magazine idiom, so the magazine and radio advertisements were written in the language of the teenage culture, whereas

for the TV and cinema media, with their wider audiences, the commercials were in TSB's usual brisk, modern and youthful (but not teenage) style.

the data. A new monthly reporting system for youth market accounts was introduced at the start of 1985, and there is evidence that this improved the

TABLE 2: TSB ADVERTISING

	1984		1985	
Teenage (adult TVRs)	June	280		
			July	220
			Aug	280
	Sep	180	Sep	50
	Dec	90		
Teenage/music magazines	June-Sep		July-Sep	
Cinema	June-Aug		July-Sep	
Radio (selected stations)	July		Aug-Sep	
TS Beat (000 distributed)	Mar	800	Mar	1,000
	Jun	1,000	Jun	1,000
	Sep	500	Sep	300

RESULTS: ACCOUNTS OPENED

Results exceeded expectations. From a total of 33,000 new youth accounts opened in 1983, when no advertising was specifically addressed to school leavers, the number doubled in the first year of the campaign to 66,000. The target then set for 1985 (79,000) was handsomely exceeded, with 126,000 new accounts. Figure 1 graphs the monthly results. It is noticeable that the largest increases in both years coincided precisely with the start of television advertising.

There is one complicating factor in

correct classification of new accounts at branch level. But by no stretch of the imagination could this account for more than part of the recorded rise in new youth accounts in 1985. And even if 1983/84 were somewhat under-recorded, this does not detract from the 1985 performance. In a year when 783,000 youngsters left school in England and Wales, of whom perhaps half would open a bank account, a recruitment score of 126,000 represents a very large share.

Consumer research evidence confirms this. Since 1983, TSB's share of

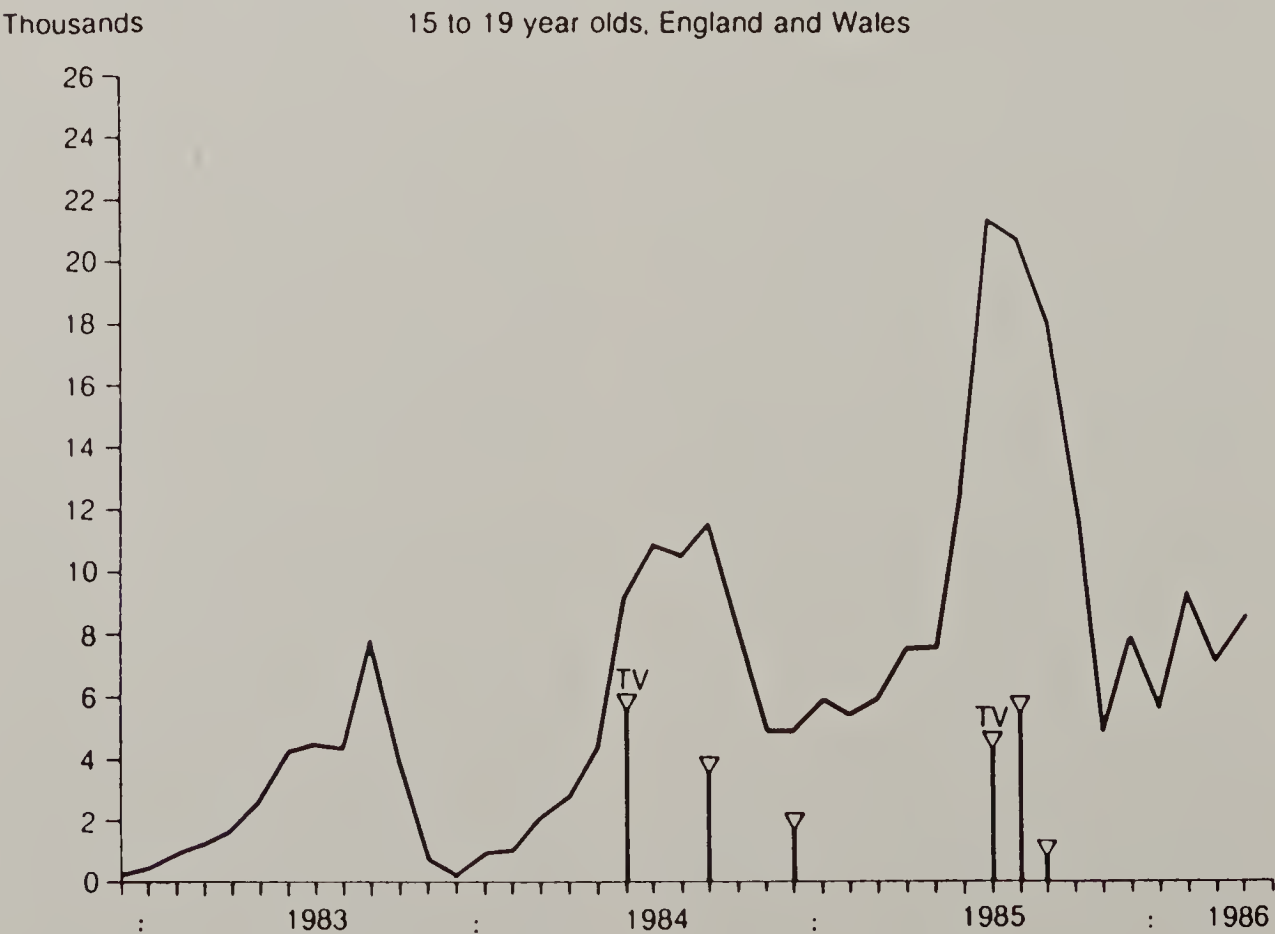


Figure 1. TSB youths accounts opened. Source: TSB.



accounts opened by 16 to 20 year olds in the past year has trebled to reach 22 per cent (Figure 2), which has raised the bank's overall share of a market sector that has itself been growing (Figure 3).

- 15 per cent were neither studying nor in employment.
- 7 per cent insufficient data to classify.

This is confirmed by market

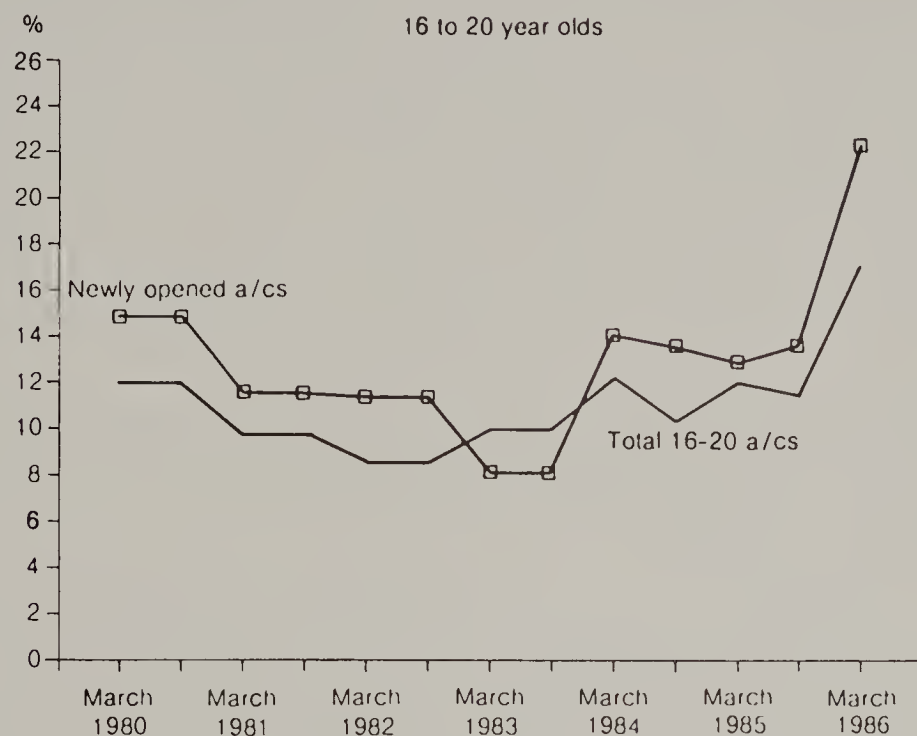


Figure 2. TSB share. Source: NOP Financial Survey.



Figure 3. Cheque account ownership. Source: NOP Financial Survey.

Analysis by TSB of their internal 1985 youth market statistics shows that at the time of account opening, approximately:

- 18 per cent were still at school.
- 50 per cent were in full-time employment.
- 10 per cent were in full-time further education.

research data (Table 3). TSB's share of new accounts opened by the student market remained weak at 5 per cent. But share among those who had gone into employment was no less than 32 per cent, nearly twice as high as the next best bank. The strategy of going for the school leaver market worked, and worked very successfully. TSB gained

the largest share and, by implication, contributed substantially to the growth of the banking habit among these youngsters.

Comparing all three indices (Figure 6) shows the close correlation between the rise in spontaneous awareness of TSB and the rises in awareness of its

TABLE 3: BANKS' SHARES OF SCHOOL LEAVERS' ACCOUNTS, 1985

	In first year of full-time employment (%)	In first year of further education (%)
Have current account with:		
TSB	32	5
Bank A	18	27
Bank B	14	18
Bank C	13	34
Bank D	12	23

Source: Millward Brown School Leavers' Study; RSL Student Banking Survey

### HOW DID IT WORK?

#### Awareness

Consumer awareness and knowledge of TSB has not kept up with its remarkable metamorphosis over the last two decades into a major full-service bank. Spontaneous awareness of TSB, for instance, has lagged behind the other High Street banks: it does not spring as readily to mind as do Barclays, NatWest, Midland or Lloyds.

Among school leavers, however, there have been marked changes during 1984-85. Spontaneous awareness of the bank is catching up (Figure 4). Awareness of TSB advertising has overhauled

advertising and promotional activity. Correlation, of course, does not prove causation. But it is difficult to see how awareness of the bank could have risen except as a result of its advertising and promotions, which are its public face. Few 'unbanked' school leavers ever go into bank premises, except perhaps with their parents. And, as we shall see, the majority of TSB's new young customers came from homes which did not previously bank at the TSB.

We concluded that the second objective, that of raising the awareness and salience of the bank, had been successfully achieved by the campaign.

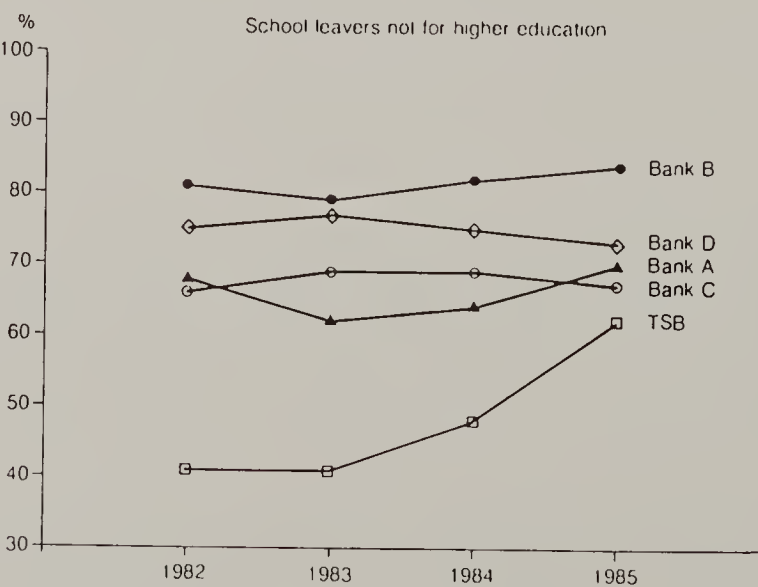


Figure 4. Spontaneous awareness of banks. Source: Millward Brown.

the field and is now ahead of all four competitors (Figure 5). And, similarly, awareness of TSB's promotional schemes for school leavers has risen higher than any of the competitors (Table 4).

#### Why School Leavers Chose TSB

The expansion in recruitment brought in new customers from sections of the population where the TSB would not traditionally have been the first choice.



TABLE 4: AWARENESS OF SPECIAL SCHEMES FOR SCHOOL LEAVERS

School leavers not going on to higher education			
	1983	1984	1985
	%	%	%
Aware of schemes offered by:			
TSB	35	45	56
Bank A	20	22	28
Bank B	22	46	46
Bank C	10	16	21
Bank D	16	21	21

Source: Millward Brown

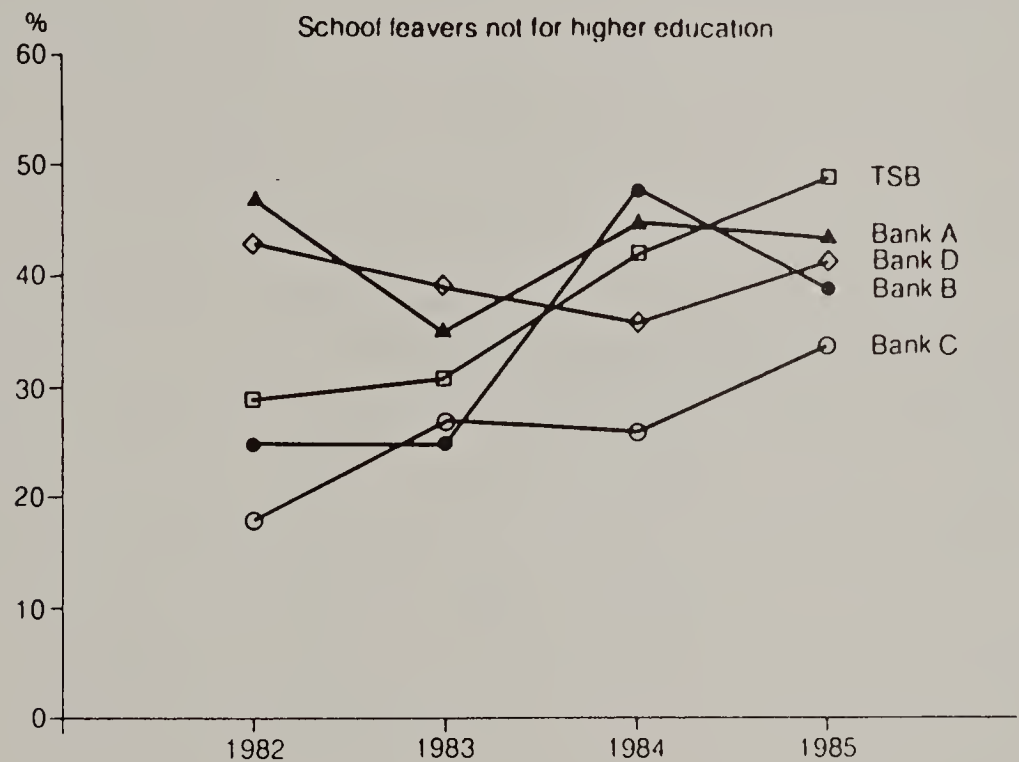


Figure 5. Advertising awareness. Source: Millward Brown.

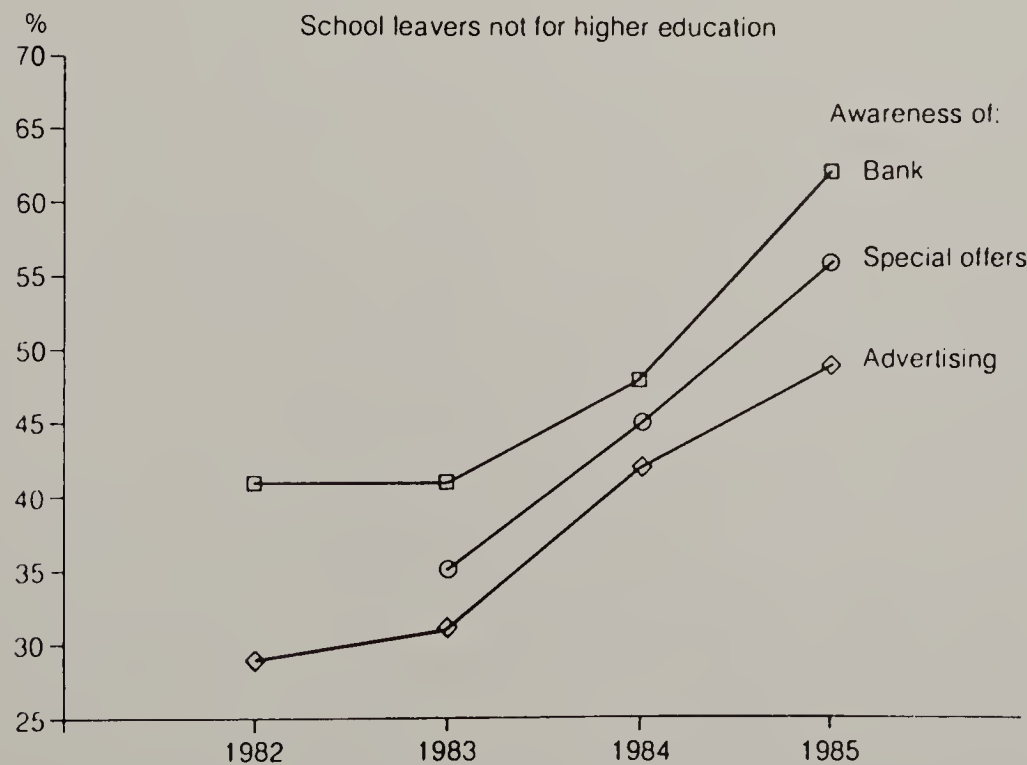


Figure 6. TSB awareness growth. Source: Millward Brown.

We took the largest share of those from ABC1 homes, as well as C2DE (Table 5). Whilst successfully retaining the loyalty of most of the teenagers whose parents banked with the TSB, we also succeeded in breaking down, to a markedly greater extent than any other bank, the second generation loyalty of those whose parents banked with the competitors (Table 6).

liked what the bank was offering them and they felt more at ease about approaching the TSB than they did about the other banks.

The latter point, about the TSB's approachability, is easily demonstrated by looking at the images of banks among those recent school leavers who, at the time of the research (August 1985, at the height of the campaign) had

TABLE 5: SHARE OF NEW ACCOUNTS, BY CLASS

School leavers in first year of full time employment, 1985			
	All %	ABC1 %	C2DE %
Have current account with:			
TSB	32	28	35
Bank A	18	20	17
Bank B	14	14	14
Bank C	13	19	9
Bank D	12	11	13

Source: Millward Brown

TABLE 6: SECOND GENERATION BANKING

School leavers in full time employment, with current account, 1985					
Parents bank with:	TSB %	Bank A %	Bank B %	Bank C %	Bank D %
School leavers bank with:					
TSB	68	24	24	26	19
Bank A	7	47	20	15	21
Bank B	4	9	28	20	9
Bank C	7	6	11	31	7
Bank D	6	6	7	8	34

Source: Millward Brown

Recommendations by parents or friends is probably the single most important factor affecting choice of bank. It is also a relatively weak point for TSB because of the older customer base. Research (Table 7) showed that we had overcome this weakness, by:

- Appearing more helpful and approachable than any other bank, and offering appropriate and desirable incentives;
- registering the free banking offer clearly;
- and communicating these facts and impressions through the advertising, more effectively than most other banks.

It is clear that the reason why so many teenagers chose TSB is because of the *combination* of all these factors: they noticed the communications, they

not yet opened a bank account. This was the group from whom we were aiming to recruit. And in their opinion the TSB was at least the equal of any other bank on all the dimensions checked in research (Table 8), and markedly superior on friendliness, being interested in people even if they did not have much money, and being a good bank to save with. The third objective had been achieved.

The image is clear; that of a bank that is genuinely sympathetic to, and understanding of, the teenager's problems and needs, without condescension. It is seen to treat young people like responsible adults — and that is something they respond to warmly.

This image appears to have been built up by all elements of the marketing programme working together, in content and in style, as a whole. Awareness



TABLE 7: MAIN REASONS FOR CHOOSING BANK

School leavers in full time employment, 1985					
(Total mentions)	TSB	Bank A	Bank B	Bank C	Bank D
	%	%	%	%	%
Contact/recommendation	87	114	111	119	98
Family/friends/employer recommended					
Previously had other account there					
Help young people	70	33	33	32	14
Helpful, approachable					
Special offers for young					
Magazine for young					
Offered free banking	45	61	22	27	16
Convenience	43	55	69	55	68
Branch nearby					
Cash dispensers					
Saturday opening					
Saw/heard advertising	23	22	8	11	5
Source: Millward Brown					

TABLE 8: IMAGES OF BANKS

School leavers, without a bank account, not going to higher education, 1985					
	TSB	Bank A	Bank B	Bank C	Bank D
	%	%	%	%	%
Up to date	51	38	54	28	36
Interested in helping school leavers	46	18	45	16	17
A good bank to save with	46	17	31	15	18
Understand the needs of school leavers	44	16	41	13	15
A very friendly bank	38	31	29	12	14
Sort of bank I'd be happy to join	38	19	38	15	19
Treat young people like responsible adults	36	19	35	12	16
Interested in people even without much money	33	20	24	18	13
Good at explaining things	32	21	34	15	15
Sympathetic to customers' problems	29	18	24	10	13
Source: Millward Brown					

was high for TSB's special magazine (TS Beat) and for the discounts on records and tapes, as well as free banking and the booklet of money-handling advice for school leavers (Table 9). All these confirmed their relevance to this target market, a relevance which will have demonstrated — better than any words could — the bank's understanding of the teenager's interests and needs. The promotional package combined desirable incentives and desired help.

TS Beat itself has been seen by no less than 38 per cent of school leavers, an impressive level of coverage (Table 10). Comparison of other indices among those who had seen the magazine, and

those who had not, showed that it contributed significantly to raising awareness of the bank, its advertising and, in particular, its special offers, and in encouraging the choice of TSB to open an account with. It did an excellent job of communicating information about the bank and what it had to offer and, through its tone of voice as a music magazine, in conveying a sense of empathy and understanding.

Television advertising contributed strongly to making the bank seem less forbidding and easier to walk into (Table 11), reminding school leavers about the services and incentives that the TSB offered, and raising overall

TABLE 9: AWARENESS OF SPECIAL OFFERS

School leavers, without a bank account, not going to higher education, 1985

	TSB	Bank A	Bank B	Bank C	Bank D
	%	%	%	%	%
Special magazine for young people	43	10	20	6	8
Discounts on records and tapes	42	4	7	3	1
Booklet with practical help for school leavers	35	15	30	7	11
Free banking	31	25	27	8	12
Free banking for 2 years	17	12	17	6	8
Cash dispenser card	23	23	35	17	22
Cheque card if employed	21	13	29	14	16
Starting work kit	13	7	17	4	5
Cheaper insurance on personal goods	9	2	6	4	5

Source: Millward Brown

TABLE 10: THE TS BEAT CONTRIBUTION

School leavers not going on to higher education, 1985

	TS Beat seen	TS Beat not seen
	%	%
All school leavers	38 (= 100)	62 (= 100)
Awareness of:		
TSB	71	56
TSB offers	66	50
TSB advertising	55	45
Attitude to TSB:		
Already have current a/c at TSB	16	4
Bank most likely to open account with	16	6
Bank would consider opening account with	20	14

Source: Millward Brown

TABLE 11: OPINIONS OF TV ADVERTISING

School leavers not going on to higher education, 1985

	TSB	Bank A	Bank B	Bank C	Bank D
	%	%	%	%	%
Made the bank seem friendly and approachable	44	44	26	25	19
Will give people a better opinion of the bank	28	21	35	26	14
Told me something about the bank I didn't know	12	16	20	11	20

Source: Millward Brown

awareness of the bank, in particular through association with the 'Bank that likes to say Yes' slogan (Table 12).

All these elements combined to build a more rounded and attractive image for TSB than for any other bank.

On their own, none of the elements is likely to have been as effective. Collectively, they work extremely well. But could we in some way disentangle and separate out their respective contributions?



TABLE 12: SLOGAN IDENTIFICATION

School leavers, without a bank account, not going on to higher education, 1985	TSB	Bank A	Bank B	Bank C	Bank D
	%	%	%	%	%
The bank that likes to say Yes	89				
Competitors' slogans		76	40	33	62

Source: Millward Brown

WHAT EACH ELEMENT OF THE  
MARKETING PROGRAMME  
CONTRIBUTED

We formed a working hypothesis that the elements combined together as follows:

1. TS Beat was the initial medium of communication. It reached a large audience, carried interesting and relevant information, especially about the incentive package, and began to build a sympathetic image for the TSB.
2. The music-related incentive package was particularly appealing to the target market, combining desirable special offers with the most-needed banking services (free banking and practical advice for the new customer).
3. The advertising raised awareness of the bank among the target market, reminded them of the services and incentives offered, and reinforced the friendly, approachable image.
4. The sharp rise in numbers of accounts opened coincident with the start of TV (a different month in each year) indicates that the television advertising in particular acted as an action trigger. Seeing the TV commercial, after previous exposure to TS Beat, led many youngsters who had been considering opening an account (and probably putting it off out of nervousness) to take the plunge.

To investigate this further we turned to econometric modelling. This presented particular difficulties, because the 'independent' variables are not in fact independent but closely correlated one with another, in time and in function. Furthermore, the effects were lagged, but lagged differently for individual elements of the mix. Hence we found that various models could be specified,

with slightly different permutations and lag factors, each of which fitted the data statistically. The model finally chosen (and explained in more detail in the Appendix) was the one we judged to make the best *marketing* sense.

The model fits the data very closely ( $R^2 = .930$ , and see Figure 7). Its main implications are:

1. The direct effects of TS Beat on opening new accounts were, not surprisingly, lagged. Most of the effect was felt in the month *after* distribution, the balance coming a further month later. This makes sense. Opening a bank account for the first time is a step that requires a measure of forethought and self-preparation.
2. Most of television advertising's effect occurred in the month of transmission, supporting the hypothesis that TV was acting as a trigger mechanism. The balance of effect carried over into the two following months.
3. Given the simultaneity of all the media advertising (as well as the difficulty in expressing the *exposure* of other media schedules with anything like the accuracy of TV ratings data) we were unable to disentangle the effects of cinema, teenage press or radio from those of television. The TV variable in the model almost certainly represents the effect of the total media mix.
4. The 1984 music-based incentive package was similar in effect to previous years' offers. The expanded 1985 package, with its Virgin store discount card and Yamaha musical instrument discounts, pulled much more strongly. But, because the 1985 offer started at the same time as the new monthly reporting system for youth accounts, it is not possible to separate the gains

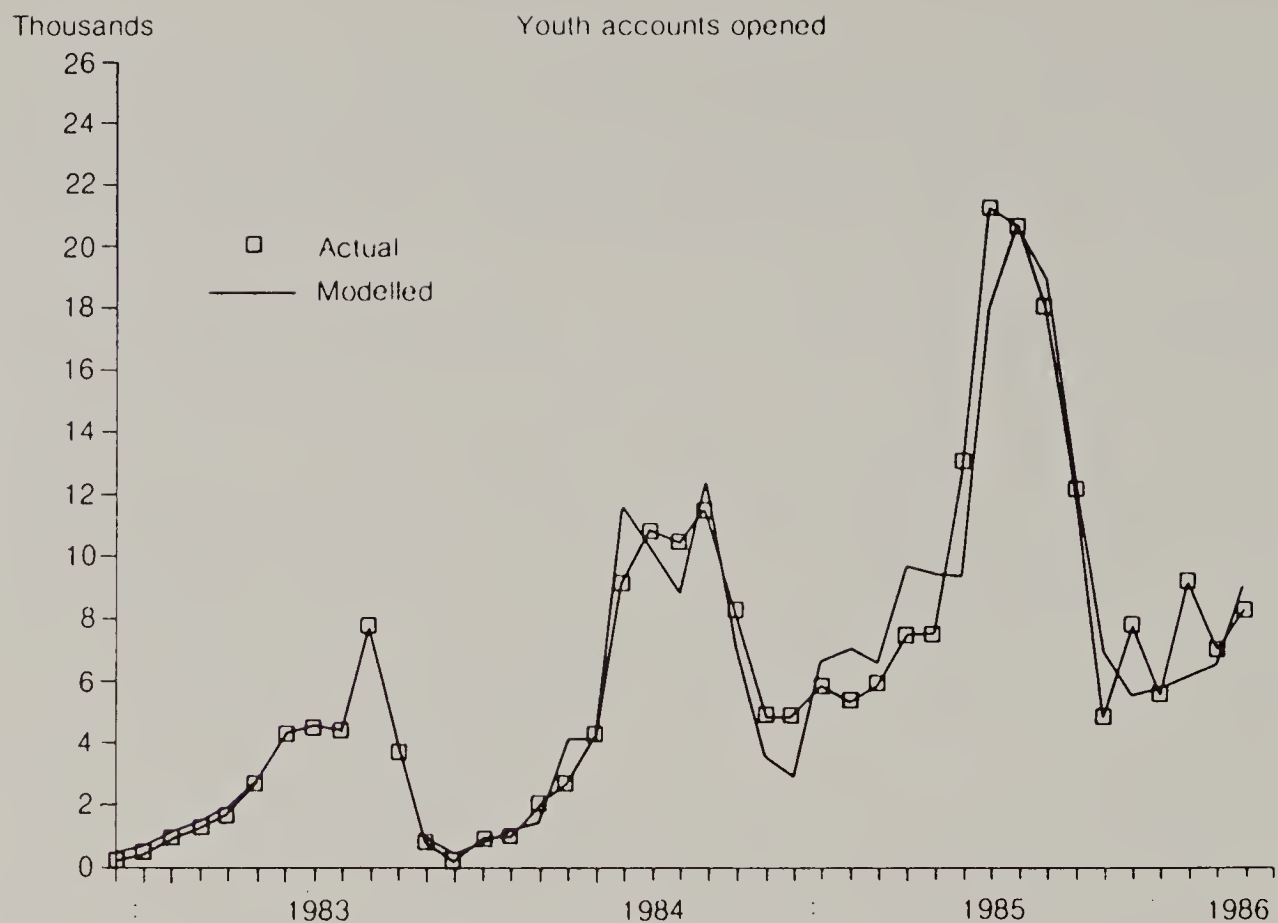


Figure 7. *Econometric model.*

achieved by the incentive package from the effects of the improved classification of new accounts.

5. There are indications of a cumulative advertising effect, which the model fails to capture, but which is visible in Figure 7. In June 1984, when TV began, the actual number of accounts opened fell short of the model's predicted figure. In July 1985, however, the start of television produced an excess over prediction, implying that advertising's contribution to the mix had further increased in effectiveness.
6. The relative contributions of the various elements of the school leaver campaign were as follows (given the problems of specification and correlation mentioned above, these can only be taken as approximations, but we believe they are realistic estimates):

## CONCLUSIONS

We concluded that the expanded incentive package in 1985 had been a considerable success and the prime cause of the huge growth in new accounts. But it would not have worked anything like as effectively had the contents of the offer not been widely and attractively communicated to the target market.

To that extent, the estimate (in the previous section) of how much each element of the campaign contributed is specious. Without the special offers, the incentive would have been absent. Without TS Beat, the advertising would have been less successful in triggering action. Without advertising, the special offers would not have been widely known about. Without all the communication elements, the bank's image and salience would not have seemed so approachable and sympathetic to the school leaver.

		Accounts per year
Base level (including effect of 1983/84 offers)		33,000
TS Beat (1984/85)		10,000
Advertising (TV and other media)	— 1984	23,000
	— 1985	27,000
1985 incentive package	} 1985	56,000
New account reporting system		
Long-term cumulative advertising effect (These 3 factors are inseparable)		



Each element had its own role and carried it out successfully. The evidence points to the following conclusions:

1. The incentive package, particularly in 1985, was one main discriminating factor governing school leavers' choice of bank.
2. The second main discriminating factor — the TSB image for approachability — stemmed from the content and, especially, the style of the communication elements.
3. Television advertising, with its coverage and visibility, was the main channel of communication. It contributed decisively to the bank's more approachable image. It reminded school leavers of the special offers. It converted interest into action.
4. TS Beat helped school leavers to begin thinking about the benefits of a bank account, and demonstrated the TSB's interest in, and understanding of, the teenager.
5. The supporting media also reminded school leavers of the special offers and contributed to the bank's image.

The campaign fulfilled all its objectives and surpassed its targets. It gave TSB the leading share of new accounts opened by school leavers. And it won share even from households who had no previous contact with the TSB.

Total expenditure on TSB youth marketing (advertising, brochures and TS Beat) was £1.7 million in 1985. This worked out at rather less than £14 per new account. The profitability of a new account is not usually measurable before some years have passed, but in this case it seems predictably certain that, when the final assessment of this campaign's profitability is made, the bank will say 'Yes'.

APPENDIX: ECONOMETRIC MODEL

The model was built using monthly data from December 1982 to April 1986, 41 observations in total. The dependent variable was the monthly number of new youth accounts opened with the TSB.

Independent variables were:

*Seasonality.* There is a markedly seasonal pattern, peaking in the summer months, with an additional peak in September from the student market. We took 1983 to represent the normal pattern of market seasonality in the absence of advertising support.

*TS Beat.* Data used were circulations of each edition, lagged and weighted as follows (these lag factors were derived empirically from the data):

1 month after distribution	.64
2 months after distribution	.36
	1.00

*TV Advertising.* Data used were monthly adult TVRs (for England and Wales), lagged and weighted as follows (also empirically derived):

month of transmission	.56
1 month later	.23
2 months later	.21
	1.00

Because subsidiary media appeared at the same time as the TV, it was impossible to separate their effects from that of the main medium. The TV variable is therefore almost certainly a surrogate for the total advertising effect.

*1985 Incentive Package.* This entered as a dummy, from January 1985 onwards. This, however, coincided with the introduction of the new monthly reporting system, which appears to have increased the number of youth accounts reported. It was impossible to separate these two factors, both of which are included in this variable.

Other variables examined but not included in the final model, because no significant *separate* effect could be discerned, were the 1984 incentive offer, and the supporting campaigns in teenage magazines, cinema and radio.

Because of the level of correlation that exists between the explanatory variables, the final model is just one of several possible 'best' solutions, all of them equally valid statistically, but with slightly different combinations of lag factors and variables. The final model chosen was the one that made most marketing sense. Its specifications are:

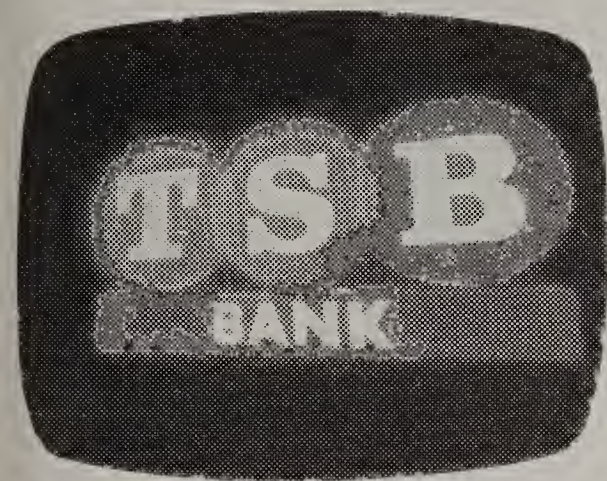
Monthly new youth accounts =			t value
Constant	301		
+ Seasonality: 1983 data	× .96		(7.5)
+ TS Beat (millions, lagged and weighted)	× 43.4		(3.8)
+ TVRs (lagged and weighted)	× 45.6		(8.3)
+ 1985 Incentive, etc. (dummy variable)	4944 (per month)		(10.2)
R <sup>2</sup> : .930			



# TSB YOUTH PACKAGE

"YOUTH '85 UPDATE"

40 SECONDS



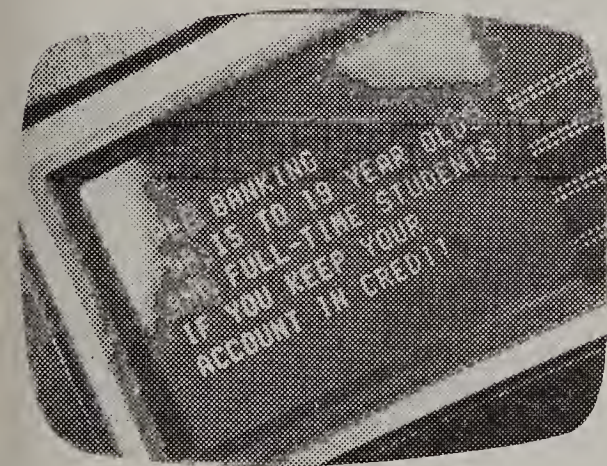
**TSB**  
The bank that likes to say YES



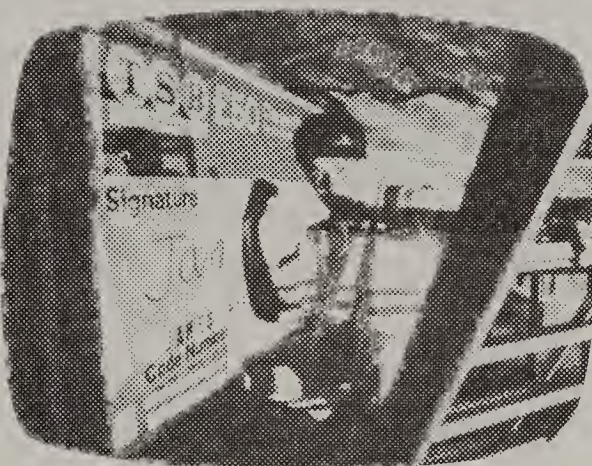
Undergrad



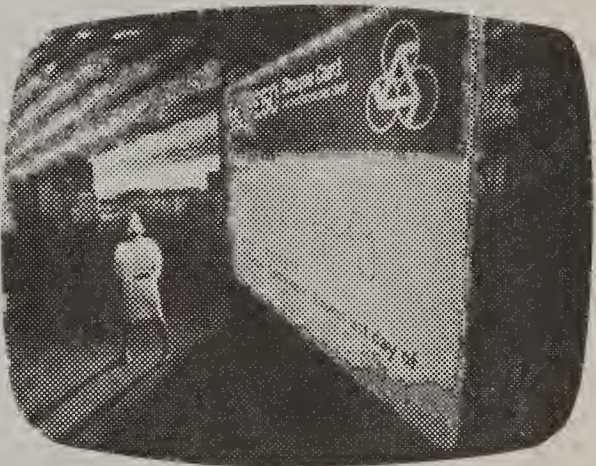
Employee



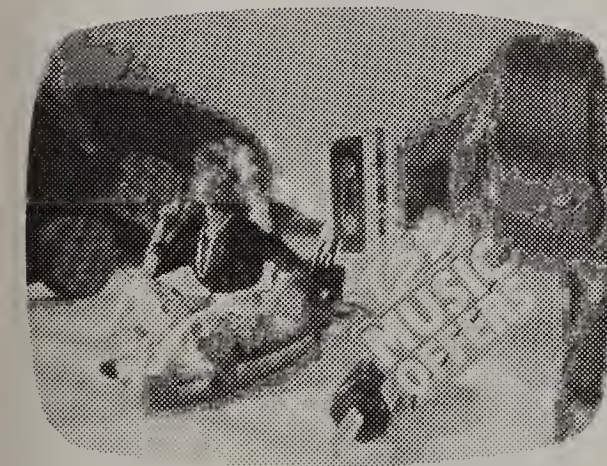
Bank for free at **TSB**



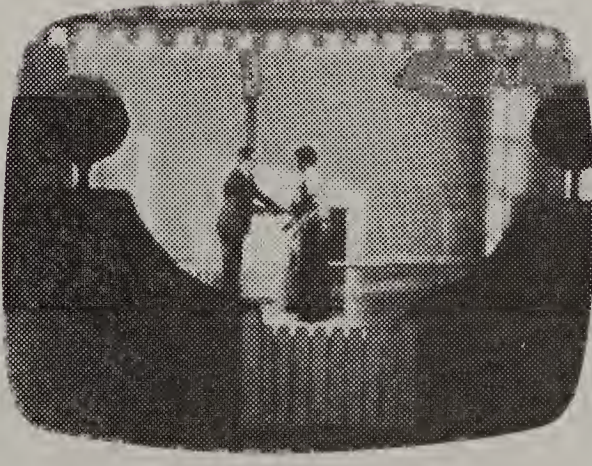
Speedbank card



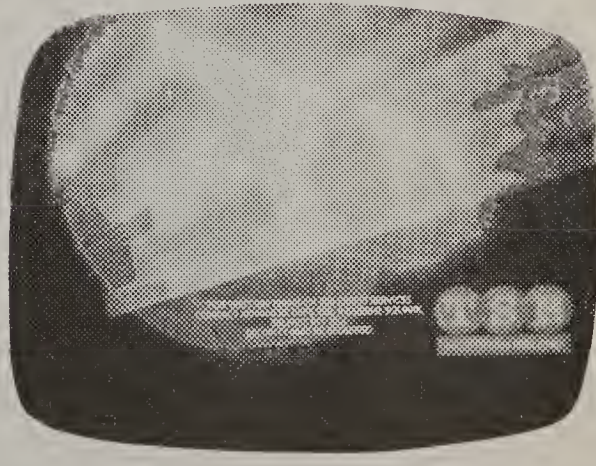
Your cheque card  
Theres no charge at **TSB**



Saving pounds On top sounds  
They are free



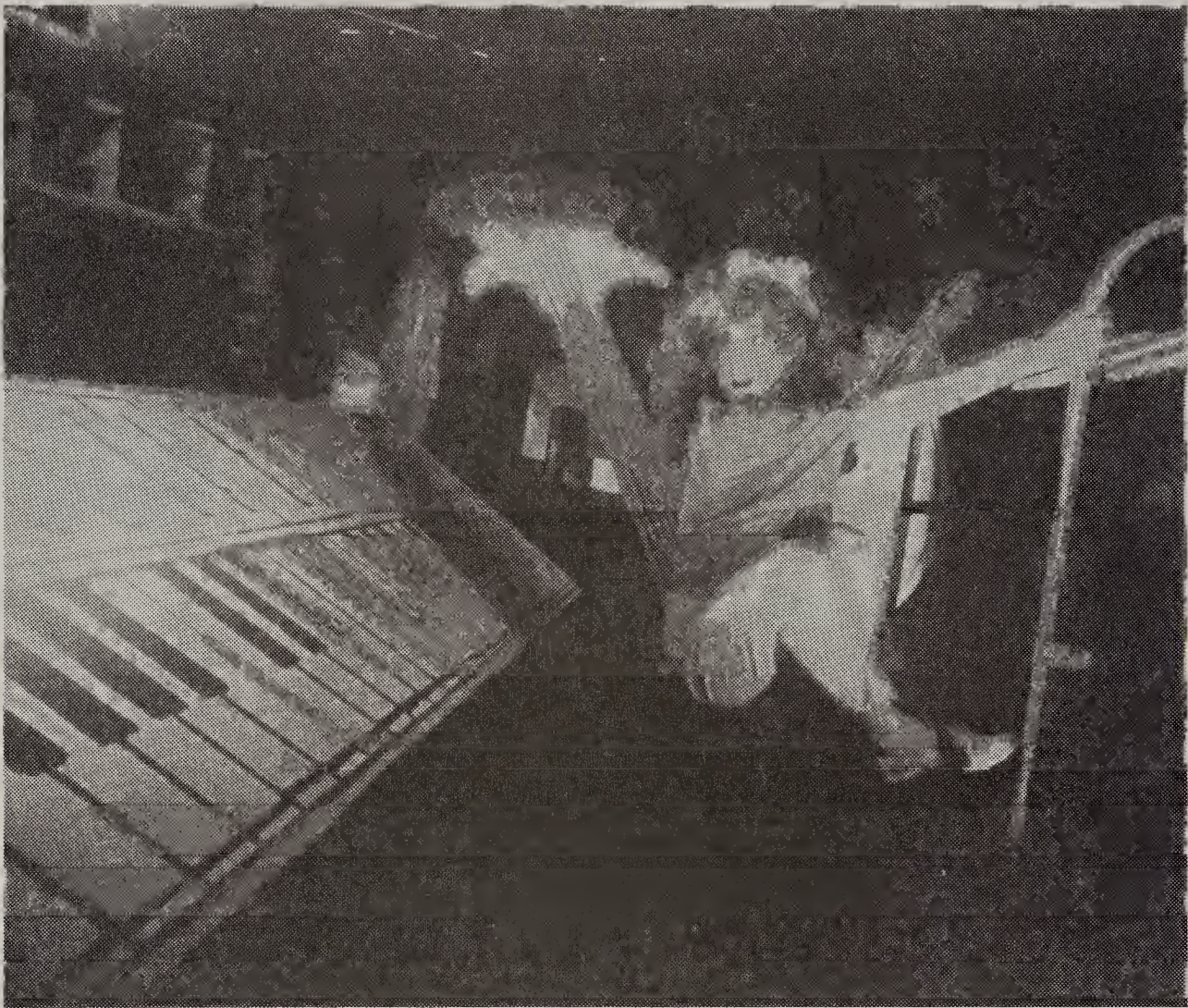
And later when  
You want a home  
We're your bank to fix the loan



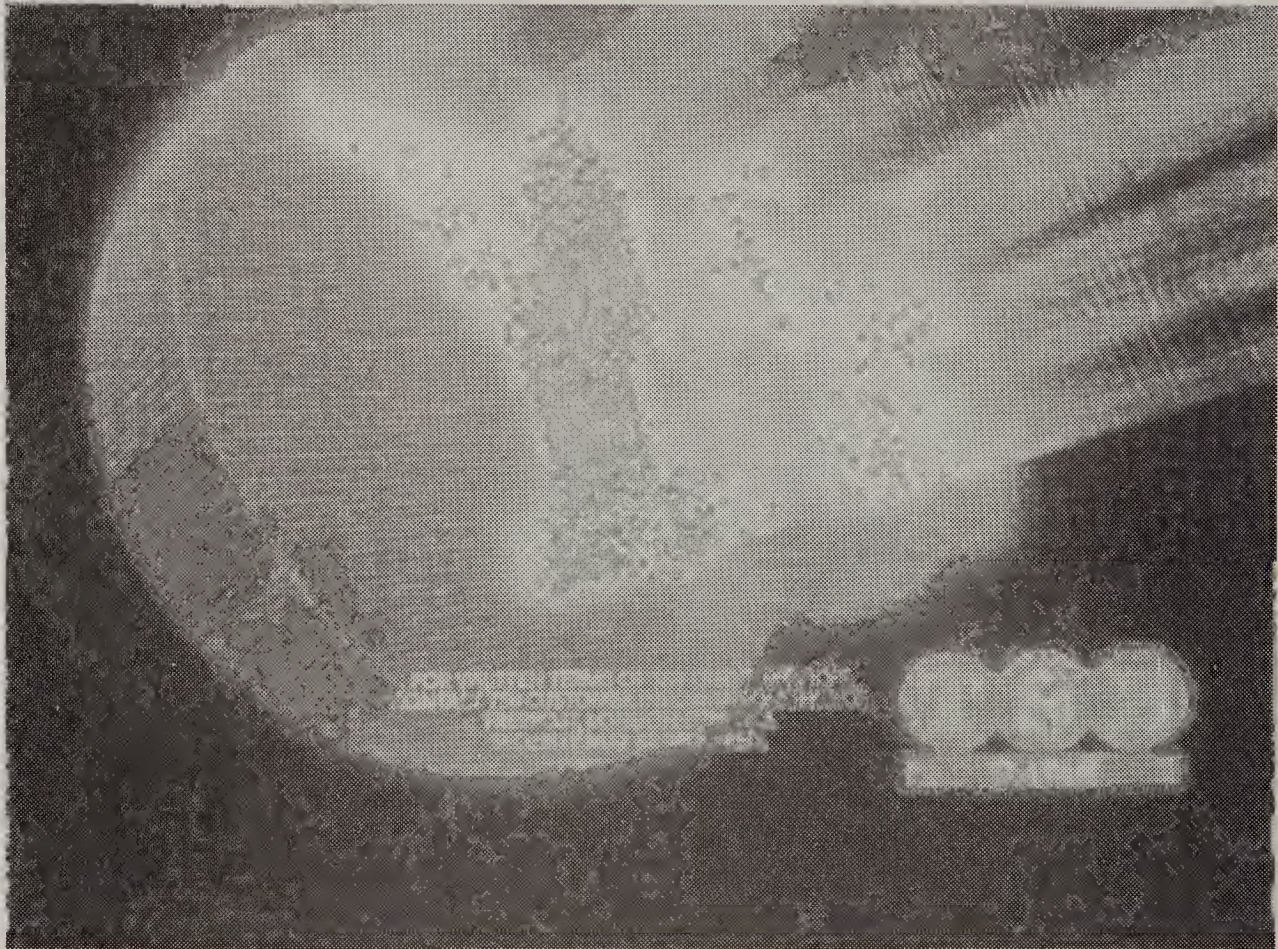
**TSB**  
The bank that likes to say YES



A scene from the 'youth' commercial



'The bank that likes to say Yes'





10

GOLDEN WONDER: A  
POTTED SUCCESS STORY





INTRODUCTION

Golden Wonder’s success with Pots has realised a volume sales increase of 31 per cent and a rise in profits of 136 per cent from 1982 to 1985. The only altered variable in the marketing mix was the advertising, and this paper will demonstrate the ways in which better thought out and executed advertising worked.

Certain aspects of the story have a broader significance.

- 1. In 1982, although Golden Wonder had brand leadership and a growing brand share, the market was declining at 30 per cent per annum. Many would apply the classic solution of withdrawing support and ‘milking’ the brand. Golden Wonder took the alternative view, and committed themselves to further support.
- 2. The new advertising sought to usurp all the best existing values of the field for Golden Wonder and to amplify these contextually with heightened emotional rewards and benefits. The advertising succeeded in building brand preference for Golden Wonder and, more importantly, in re-introducing growth to the market.
- 3. The consumer behaviour ‘mechanism’ underlying the growth was fundamental to strategic intent. It involved increasing the frequency of use of existing users, and accepting some further declines in penetration.
- 4. The advertising effect is remarkable for its longevity, a finding entirely consistent with the advertising’s role of building the Pots eating habit.

Golden Wonder now owns a buoyant market. It provides immeasurably heightened potential for future profits and is one where the price of a successful competitive intrusion is far higher than it was prior to the new advertising’s introduction.

BUSINESS BACKGROUND

During 1980-85 Golden Wonder Limited was part of Imperial Foods, a division of the Imperial Group, which was taken over by Hanson Trust in May 1986.

Golden Wonder’s business and reputation are founded on its major crisp brand and the bagged snacks, Wotsits and Ringos.

Instant hot snacks are dehydrated snack meals in pots, which are prepared by adding boiling water and are ready to eat from the pot in four to five minutes. The product consists of a base of noodles, rice or potato with dehydrated vegetables, soya pieces or meat and a flavoured sauce. Packaging consists of a plastic pot and a foil lid.

Golden Wonder were the first company in the UK market, launching Pot Noodle into a Lancashire test market in October 1977. Pot Noodle met with considerable success, and it was rolled out into half the country in November 1978. It then went national in November 1979 when supplies could meet demand.

1980 was a year of intense activity for this embryonic market. Three key competitors launched nationally in the first six months:

Batchelors	Snackpot
Knorr	Knoodles
KP	Quicklunch

Golden Wonder launched a second range, Pot Rice, into test in Lancashire in June, and this brand was supported nationally in February 1981.

By 1980 a huge market had been created where none had existed in 1976. It comprised 115 million individual pots, a market worth £42m at retail selling prices then. Advertising support was heavy in 1980 and 1981, with all brands using television:

TABLE 1: ADVERTISING EXPENDITURE 1980/81

	(£000 at card rates)	
	1980	1981
Pot Noodle	1,480	1,248
Pot Rice	246	976
Snackpot	999	379
Quicklunch	1,050	954
Knoodles	858	—

Source: MEAL

In February 1982 Golden Wonder launched a further innovative potato-based range of three products in Lancashire. These were branded as Pot Casserole. However, by 1982, severe problems were becoming evident for both the market and this important new source of profits for Golden Wonder.

## THE PROBLEM

### Business

The market had peaked in early 1981. The retail audit (MGS/NMRA) showed that volume consumer purchases in the twelve months to April 1982 had fallen to 70 per cent of the level achieved in the preceding year. Golden Wonder Pot sales were, however, broadly stable. The total Golden Wonder brand share, consolidating Pot Noodle, Pot Rice and Pot Casserole, had risen from 43 per cent in 1980 to 65 per cent in March/April 1982.

The problem facing Golden Wonder related to the projected steep rate of market decline. A programme of product testing conducted by Schlackmans Research had demonstrated that Golden Wonder had a superior product in terms of its combination of price, product size, recipes and eating enjoyment. But competitors would fight to protect their hold on this market for as long as possible.

With these three competitors now sharing only 35 per cent of the market, none of them had a financial basis for advertising in 1982. The absolute weight of advertising had clearly contributed to the market's spectacular growth. With only Golden Wonder advertising in 1982 and beyond, support levels could never again match those at the market's peak.

A further new problem for Golden Wonder in 1982 was that of price competition aligned to dealing with rival brands seeking to maintain share and recoup their investment. This put pressure on Golden Wonder's margins, and profits from Pots had fallen by 33 per cent year over year in 1981/82.

### The Consumer

1. *Buying Patterns.* Special analysis of AGB's Personal Purchases Index had revealed that:

- Cumulative penetration built rapidly to 23 per cent of all individuals aged 13 to 64 over two and a half years, but saturation was reached by mid 1981.
- There was a low level of repeat purchasing. For many buyers the products failed to meet expectations.
- A 'fatigue' effect was evident from depth of trial analyses. A steady 5 to 10 per cent drop-out from the market was apparent over bi-monthly periods from early 1981, even among people who had repeat purchased relatively frequently. There was a steady loss of buyers, and repeat buyers were decreasing their weight of purchase.

2. *Consumer Attitudes.* Qualitative research showed that the products were very much seen and used as fillers or hot snacks between meals, not as meal substitutes. This was in direct contradiction to the usage occasion portrayed in several of the early commercials. Individual brand images were not developed; consumer preferences were as much flavour- or recipe-based as brand-based.

Almost by definition Pots were recognised as artificial and lacking in goodness. At the same time they fulfilled a useful function and were acceptable for what they were. Even loyal frequent consumers were often unwilling to admit openly to liking them because of the negative associations of artificiality and convenience. Consumer commitment to the product category and the Golden Wonder brand appeared essentially private and somewhat precarious.

### The Trade

The erratic market performance and subsequent decline had led to disenchantment and scepticism among the trade. The chief executives of two of Britain's biggest and most influential multiple food retailers publicly spoke out against the product category, criticising it for being representative of developments that were in neither the manufacturers' nor consumers' interests. A clear danger existed that the 90 per cent plus levels of grocery distribution achieved, along with the quality of display, would collapse and accelerate further market decline.



In June 1982 Golden Wonder consolidated their advertising account by moving the Pot Noodle, Pot Rice and Pot Casserole brands into the agency which already handled their crisp and snack brands. New marketing and advertising strategies were developed. This paper will demonstrate the success that these adventurous strategies had in reversing the apparently inevitable decline of this market.

## MARKETING STRATEGY

The new marketing strategy was based on two platforms:

- To own the market with a brand share in excess of 90 per cent as quickly as possible.
- To create a new momentum for the market which would reintroduce volume growth.

This momentum would require more closely matching the full rewards of the products to consumer needs. It would thus be based on brand values beyond speed and convenience. The critical elements involved were:

1. *Building a Brand Personality in a Commodity market.* Golden Wonder had to aim to create a distinctive brand personality in what was essentially a commodity market of 'those pot things'. The brand names' interchangeability and the similarity of advertising styles had tended to contribute to confusion in the establishment of brand identities. There was little to connect Pot Noodles, or Pot Rice and Pot Casserole together that separated them from Snackpot or Quicklunch.

2. *Developing Stronger Corporate Branding.* Although Pot Noodle was virtually a generic description, Golden Wonder was little known and comparatively poorly rated as a manufacturer in this market. Pot Noodle was the anchorpoint for Golden Wonder's instant hot snacks, and its reputation was deservedly high.

Overall, Golden Wonder branding was required to unite an expanding range — Pot Noodle, Pot Rice and Pot Casserole — and to link an increasingly disparate collection of recipes.

3. *Identification of Key Product Rewards.* Golden Wonder needed to appropriate for itself the best values of the market, and establish a character that implied a superiority of eating experience and rewards. The products themselves were undeniably controversial, and Golden Wonder's range shared their generic characteristics and weaknesses. Even among users there was a certain amount of 'aiming off', and expectations were not high.

The new positioning for Golden Wonder Pots had to be unique and stem directly from the nature of the products and the key product rewards. These were identified as:

1. *Immediate Gratification.* The emphasis has to be on immediate satisfaction rather than convenient preparation. Hunger would be the trigger: enjoyment and satisfaction would correlate positively with the degree of hunger felt. Pots had to be presented as honest filling snacks, not an inferior meal. They would be all the more satisfying because, unlike sandwiches, they are hot.

2. *Taste Sensation.* People had to be encouraged to think more in terms of the flavours being stimulating. Eaters had after all described the taste experience as 'tangy', 'spicy', 'highly flavoured', 'rich', and 'not routine'.

3. *Indulgence.* Eating the product had to be fun. The sheer enjoyment of eating had to be far more important than the speed of making it.

## ADVERTISING STRATEGY

### Roles for Advertising

The roles defined for Golden Wonder advertising were those which advertising can fulfil better than any other element in the marketing mix.

1. To remind people about Golden Wonder Pot Snacks and encourage them to eat them more often.
2. To re-excite people.
3. To appropriate for Golden Wonder all the best values of this market, and imply superiority of taste, satisfaction and rewards.

4. To bring to life the brand values that are not immediately obvious over and above convenience, and to make Golden Wonder famous by developing a brand personality which would unify Pot Noodle, Pot Rice and Pot Casserole.

### Target Group

It was fundamental to the strategy to concentrate on existing users rather than seeking fresh ones. More specifically, the vast majority of trialists comprised Golden Wonder buyers. The majority were Pot Noodle users, heavier purchasers, satisfied triers with generally favourable attitudes towards the brand and particular recipes — and people rather experimental in their tastes.

Demographically, the target group was chiefly women, who accounted for 72 per cent of instant hot snack buyers. They were younger — aged under 35 — and biased strongly towards the working (C2/D) class.

Men could not be ignored because they represented 42 per cent of adults who buy or eat the product, and because their approval would be important. Neither could children, particularly teenagers, both in their roles as eaters and as a 'communications-conscious' pressure group.

Essentially, the advertising was preaching to the converted. They were already supporters. Their enthusiasm needed arousing. It was not necessary to spend too much valuable advertising time educating people. They already knew how to make the product, they already knew of its convenience, and they already knew the sorts of occasions for which it was best suited. Instead, the focus could be more on the rewards and enjoyment of the products, and on building a distinctive brand personality.

### Target Responses

Cor, I'm hungry enough to fancy one right now!  
Golden Wonder's Pot Snacks are always the best — lots more satisfaction, lots more flavour, lots more enjoyment.

### A POTTED CREATIVE RATIONALE

Eating Pot Noodle had to become more of a unique experience. Wouldn't it be nice, then, if watching a commercial for

Pot Noodle were as singular and enjoyable an experience as tucking into a pot of them? A pot of Pot Noodle, or Pot Rice, or Pot Casserole, is full of rewards; pots of taste, pots of warmth, pots of satisfaction — even pots of fun. But all these rewards come in one quick, convenient, instant package. In a word, they're potted.

That represented the basis for the 'potted' advertising. By never using a sentence when just one word would do (like 'hungry') and by never playing a whole scene when one shot would suffice (like the local yokel saying 'Wur'), 'Potted' commercials gave room to show people working up just the sort of hunger that Pot Noodle, Pot Rice and Pot Casserole satisfy. The result: advertising as instant, enjoyable and unique as the brand it's there to sell.

Two potted commercials were developed: 'Camping' for Pot Noodle and Pot Rice and 'Builders' to roll out Pot Casserole. (Subsequently both of these commercials were modified to be range commercials.) A third commercial in the series, 'Snowman', replaced 'Camping' in the mix for the winter of 1984.

### MEDIA STRATEGY AND BUDGET

Five key decisions had to be made before media plans could be finalised. These involved the budget level, media choice, allocation by region, allocation over time and allocation by product.

1. *Budget Level.* Recommendations to test different weights of advertising regionally, and within each advertising budget, sales and profit relationships were not made because the market was already so different region by region that the proper evaluation of such tests was rendered impossible. A first fiscal year expenditure of £700,000, consistent with continued profit protection, but deployed in harmony with other strategic considerations was all that could be afforded.

2. *Media Choice.* Television was used as the sole medium. It has the coverage and the frequency required. It has the ability to dramatise both the need for, and the rewards of, the brand in a distinctive way.



3. *Regional Breakdown.* The brand had a highly skewed profile of sales on a regional basis. A comparison of the audit data with other data sources indicated that London was a surprisingly poor area for products of this sort. An analysis of MGS data showed (Table 2):

cent over the norm in January/February and -11 per cent in June/July/August. The decision was taken to concentrate advertising into the November-April period.

5. *Allocation by Product Type.* Any

TABLE 2: REGIONAL SALES PROFILE 12 M/E JUNE 1983

Area	% Population	% Sales	Index of Consumption
London	22.8	16.5	72
Southern	6.9	7.8	113
Wales/West SW	10.3	13.5	131
Midlands/East England	21.3	19.7	93
Lancs	13.3	19.5	147
Yorks	10.4	9.7	93
North East	5.0	4.4	88
Scotland/Border	10.1	8.9	88

Source: MGS/NMRA

These indices were used in conjunction with airtime costs as a basis for allocating advertising weight on a regional basis. (Consumer penetration data from TGI and AGB were entirely consistent with this audit date.)

4. *Allocation Over Time.* In the reminder role designated for it, it was judged essential that the advertising should be in front of the consumer for as long as possible. This led to a proposed drip pattern of advertising. However, the new campaign had initially to be introduced at a heavier weight.

In the case of a weak sales area with a relatively low budget such as London, a constant presence was clearly not possible. In this instance it was felt more important to have an effective introduction to the campaign and to the new product range.

The Pots market has been seasonal showing a consistent pattern of +14 per

advertisement for any variety or flavour had to be an advertisement for all Golden Wonder Pots. However, the launch of a significant new range, as with the national roll-out of Pot Casserole with a separate commercial within the campaign, had to generate trial in a relatively short period. The Pot Casserole roll-out was planned on the basis of a level of 400 TVRs in four weeks in new areas.

After the winter 82/83 roll-out of Pot Casserole, the media strategy for each year involved continuous weights of 70 TVRs per week in each region for as long as the advertising weight deployed lasted. Each year the regional allocation was reviewed and adjusted in line with sales and consumer penetration changes. When 'Snowman' was introduced into the mix it ran only at times of cold weather.

The total level of television advertising over the period can be seen in Table 3.

TABLE 3: TELEVISION ADVERTISING

Year:	1981	Network housewife ratings			
		1982	1983	1984	1985
Golden Wonder					
Original campaign	2,038	206	—	—	—
New campaign		404	690	1,300	1,230
Total	2,038	610	690	1,300	1,230
Competitive	2,233	—	65	—	—

Source: BARB

## SALES RESULTS

The effect of the new campaign was to provide a dramatic turnabout in consumers' purchasing of Pots. Golden Wonder's sales rose marginally in 1983, before shooting ahead in 1984 and 1985 (Table 4). More importantly, total market sales turned into a growth pattern in 1984 and 1985, reversing the steep decline of the earlier two years.

Knoodles and Snackpot remained on the market until mid 1983 and mid 1984 respectively, when progressive de-listing forced their withdrawal. The effect of this was further decreases in display space for the category, an important yet unquantified depressing variable for a product bought for fairly immediately consumption. Once the Golden Wonder brand share had

TABLE 4: CONSUMER SALES CHANGE

Year:	Annual % volume change			
	1982	1983	1984	1985
Golden Wonder Pots	- 4	+ 1	+16	+12
Total market	-24	-12	+ 7	+ 8

Source: MGS/NMRA

The factors underlying the renewed growth of Golden Wonder Pots were:

1. *Brand Share*. Figure 1 shows the Golden Wonder brand share on a consistent upward trend to a level approaching 80 per cent, prior to the new campaign's introduction. Over the first winter season of the advertising, Golden Wonder's share advanced further to 90 per cent as planned. Subsequently, in the face of the one remaining competitor, Quicklunch, it advanced to 97 per cent.

reached 90 per cent, the growth pattern achieved could be fuelled only by market growth, and this is indeed what happened.

2. *Market Growth*. Golden Wonder moved into major year-on-year sales increases in the winter season of 1983/84, having held steady over the first winter, largely as a result of brand share gains (Figure 2).

The comparable picture for the total market (Figure 3) shows a progressive slowing of the level of decline

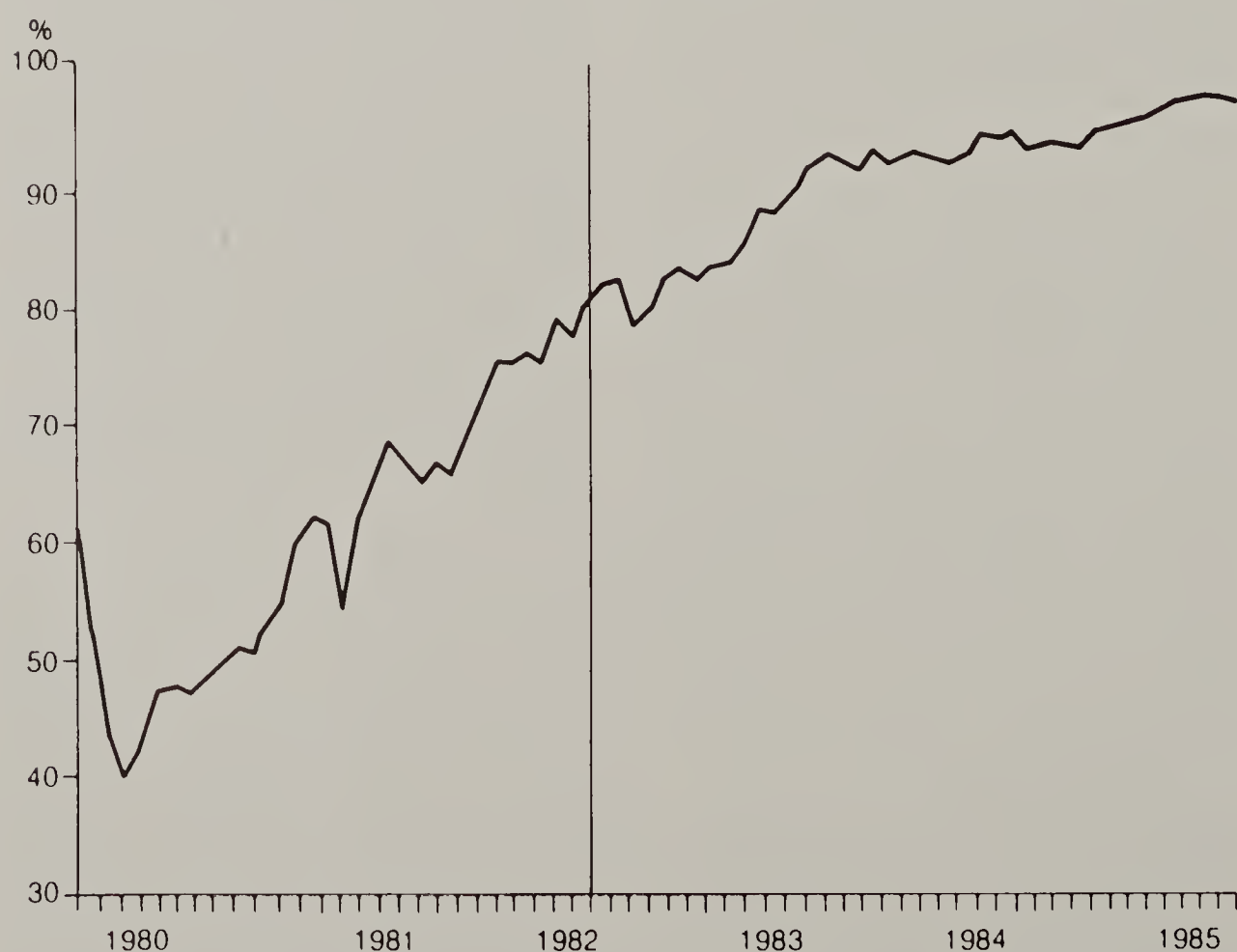


Figure 1. Golden Wonder volume brand share. Source: MGC/NMRA.



from the start of the advertising until, in February and March 1984, growth was finally re-introduced to the whole market — for the first time in three years. This growth pattern was then

maintained for virtually the whole of the next two-year period.

CONSUMER BEHAVIOUR

Underlying this turnabout in consumer

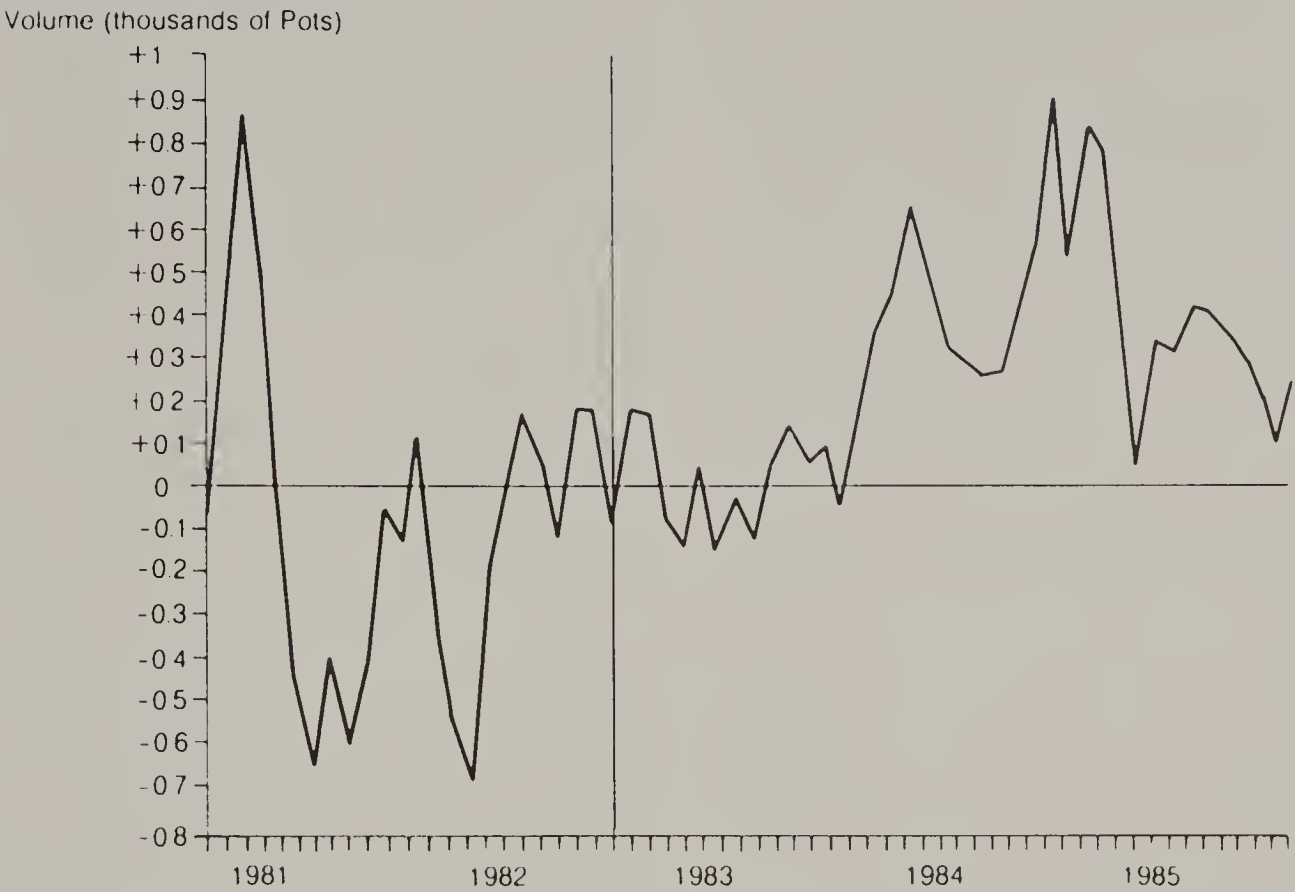


Figure 2. Year-on-year changes in Golden Wonder. Source: MGS/NMRA.

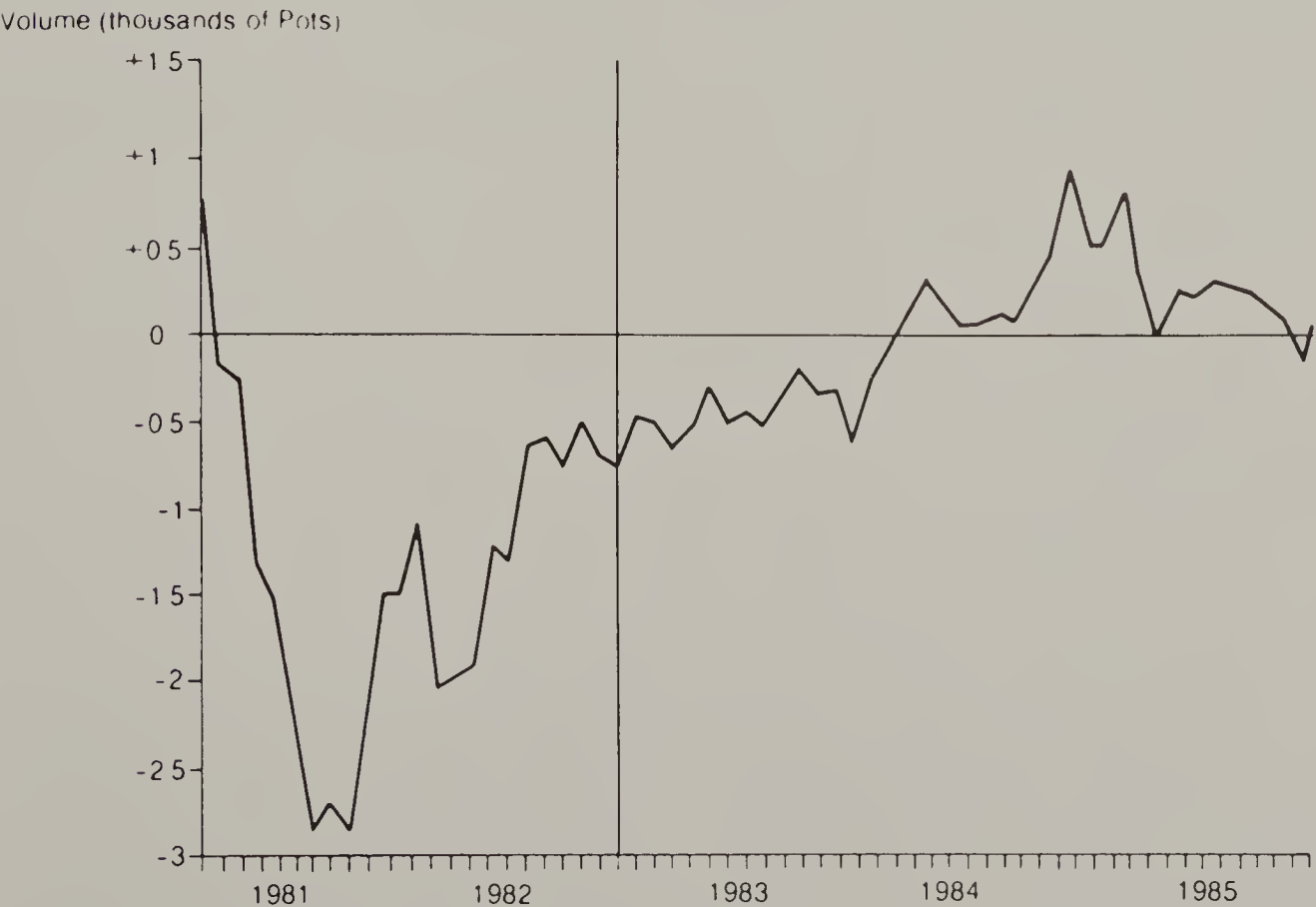


Figure 3. Year-on-year changes in total market. Source: MGS/NMRA.

sales was a dramatic change in consumer purchasing patterns. The number of people purchasing Pots slipped further, but the average weight of purchase (and thus the frequency of eating, since Pots are bought for immediate consumption) increased.

A special analysis of sales growth, based on the AGB Personal Purchases Panel, compared the 44 weeks ending in March 1984 with the comparable period for 1985. The base for this survey is a nationally representative sample of 8,000 individuals aged 13 to 79.

replaced by heavier-buying newcomers.

The gains of 25 per cent in consumer purchases, which can be derived from the comparison, exceed the 16 per cent recorded on the retail audit (Table 4). They are, in fact, closer to the ex-factory growth level recorded since new, un-audited distribution channels, such as convenience stores, late night corner shops and canteens, were opened up in 1983/84.

The sceptic could, of course, attribute all this to the natural development of the market over time. A small

TABLE 5: CONSUMER PURCHASING CHANGES

	Period 1 44 weeks ending 3/3/84	Period 2 44 weeks ending 3/3/85
Purchase penetration	6.8%	·6.1%
Average weight of purchase in period	6.9	10.9
Source: AGB/PPI		

These buyers of Pots were further broken down into three groups: buyers in both periods ('Repeat'), buyers in the first period who had not bought in the second ('Lapsed'), and buyers in the second period who had not bought in the first ('New').

loyal core of regular users had emerged. They had tried the brands and flavours of interest to them, and settled on their repertoires. Competition had been largely eliminated, so there was less brand confusion and experimentation leading to below par product experiences

TABLE 6: CONSUMER PURCHASING CHANGES

	Period 1 44 weeks ending 3/3/84	Period 2 44 weeks ending 3/3/85
'Repeat' buyers		
Purchase penetration	3.3%	3.3%
Average weight	12.9	15.8
'Lapsed' buyers		
Purchase penetration	3.5%	
Average weight	3.1	
'New' buyers		
Purchase penetration		2.8%
Average weight		5.2

Source: AGB/PPI

This analysis demonstrated that the sales growth had come from precisely the change in consumer behaviour posited in the advertising strategy. Existing users were consuming more Pots. *Even those heavier-buying, long-term users had significantly increased their weight of consumption.* Moreover, people leaving the market were being

driving people from the market. The issue is whether Golden Wonder Pots were, in these circumstances, their own advocates and source of growth, or whether the new advertising made a contribution to the sales growth evident from the date of its introduction.

The dramatic reversal of the trend and its timing for not only the Golden



Wonder brand but also the whole market would indicate that a new force far beyond the product itself was operative. And it would seem that force was the new advertising — but that needs to be demonstrated.

#### DID THE ADVERTISING AFFECT SALES?

Firstly, there were no changes to the Golden Wonder Pots range. The launch of Pot Casserole was completed in February 1983, and the same 11 products still comprised the range at the end of 1985. There have been no perceptible changes to recipes, product quality or pack graphics. Distribution has remained stable, though quality of distribution in terms of siting and facings may not be as good as it was at the market's peak in 1981. There have been no major consumer promotions for Golden Wonder Pots — merely a single four for the price of three flavour trial generating offer targeted at the independent trade. As Figure 4 shows, the real price paid for Golden Wonder Pots has varied over time, but the price low coincided with the sales low in early 1982 and the current price is just 1p below the 1980 and 1983 peak levels. Indeed the real price of Golden Wonder Pots was exactly the same at the end of 1985 as it had been at the campaign's introduction in November 1983. Thus, no variable other than advertising could have affected the turnaround in Pots sales.

Secondly, we have the findings of extensive econometric analysis. JWT built a model of brand sales, using MGS/NMRA four-weekly data for the 76 periods from March 1980 to December 1985. The independent variable in this model is consumer sales of Golden Wonder Pots in total. Explanatory variables are:

- Television advertising for the period: Golden Wonder and competitive.
- Price changes relative to the preceding period.
- Relative temperature in that period.
- Sales in the previous period.

The model comprises two sequential models that provide a close fit to the observed data. The  $R^2$  for the period, prior to the new advertising in November 1982 (1980-2), is moderate at 0.53, but for 1983-85  $R^2$  is 0.85. The market model is summarised in Table 7, and its fit with actual consumer purchases shown in Figure 5.

We can draw the following conclusions:

1. *Price.* Real price was not statistically significant in explaining sales variation but price change was. The effect of a 1p price increase in any period being a drop of 3.7 per cent of the average four-weekly volume in 1980-82, and a drop of 9.9 per cent of average four-weekly volume in 1983-1985. The difference is related to the changed competitive environment, as in the later period

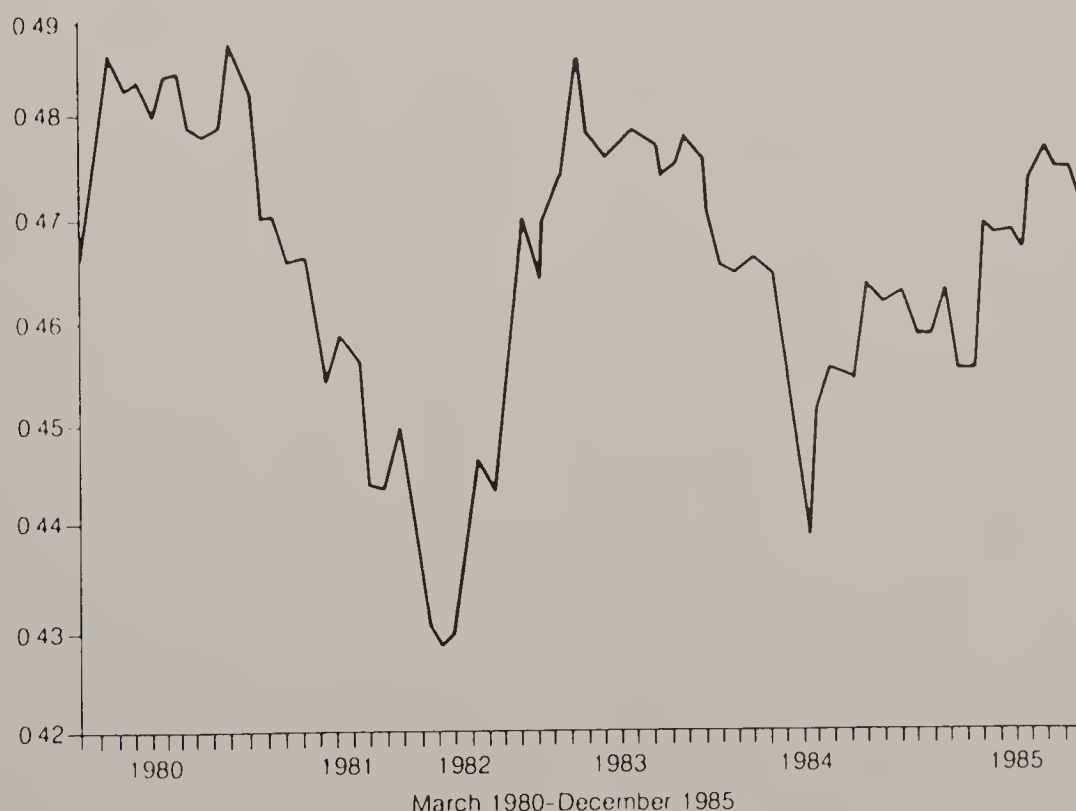


Figure 4. Golden Wonder Pots real price (deflated by RPI food; December 1985 = 100).  
Source: MGS/NMRA Government statistics.

TABLE 7: THE MARKET MODEL

Multiple regression of MGS/NMRA data March 1980 to December 1981  
Dependent variable Y=Consumer sales of Golden Wonder Pots (000 units)

Equation		B Co-efficients	
		1980-82	1983-85
Y=A	Constant	1,342.00	908.00
+ B <sub>1</sub> X <sub>1</sub>	Golden Wonder advertising in current period (TVRs)	0.32	1.07
+ B <sub>2</sub> X <sub>2</sub>	Competitive advertising in current period (TVRs)	0.25	—
+ B <sub>3</sub> X <sub>3</sub>	Lagged dependent variable — sales in previous period	0.54	0.81
+ B <sub>4</sub> X <sub>4</sub>	Price change in current period from previous	-10,336.40	-39,165.10
+ B <sub>5</sub> X <sub>5</sub>	Relative temperature	-82.43	-330.00
	Corrected R <sup>2</sup>	0.53	0.85

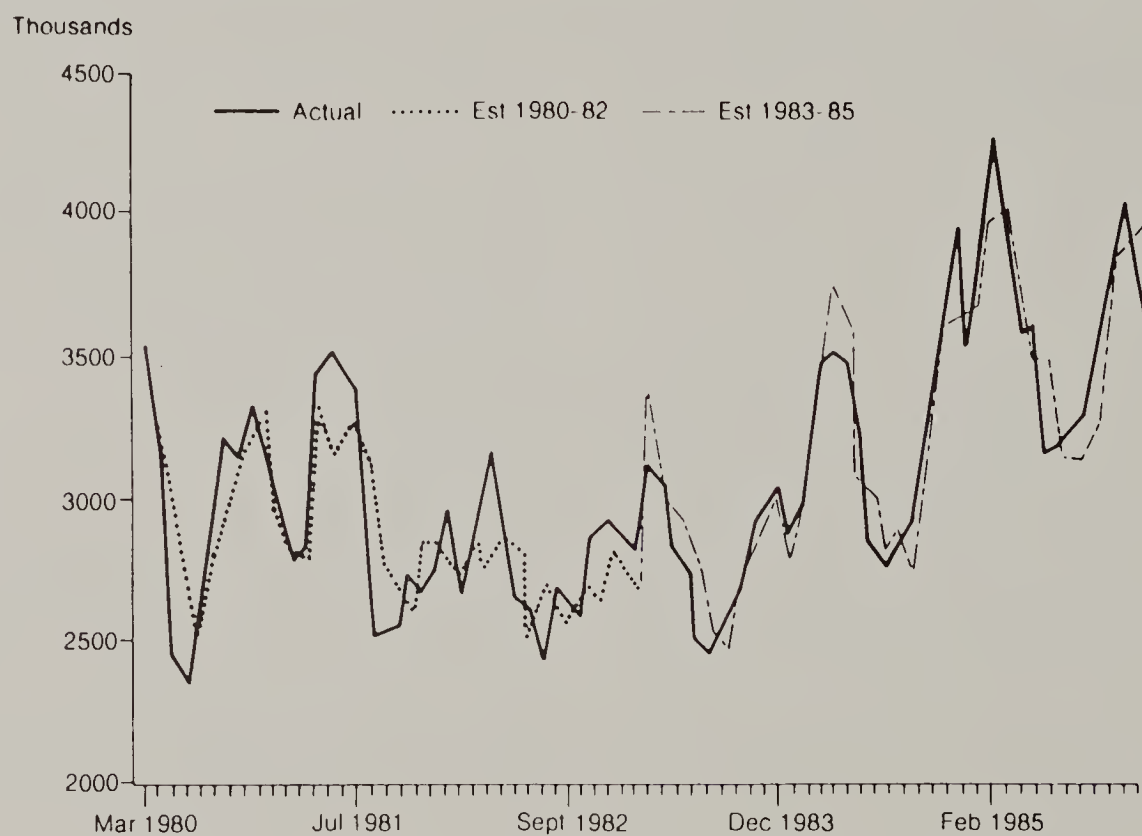


Figure 5. Market model, actual and estimated volume sales.

Golden Wonder's price elasticity represents that of the whole market, without competitive pricing considerations.

2. *Temperature.* Temperature variability was derived by comparing the mean daily temperature for each month with the long-term average temperature for that month (obtained from the Monthly Digest of Statistics). This gives an indication, with quantifiable expression, for periods of unusual weather conditions. There is an inverse relationship between sales and relative temperature. Sales increased by 10 per cent of the monthly average in months which were cold enough to represent half the usual monthly temperature (i.e. December '81, January/February '85).

3. *Seasonality.* Seasonality is a factor in the market but is highly correlated with the timing of advertising. No separate variable for seasonality has been incorporated in the model.

4. *Advertising.* Over the period when there was competitive advertising, that competitive advertising made a contribution to Golden Wonder sales only marginally less than Golden Wonder's own advertising. This explanatory variable did not exist for the 1983-85 component of the model as there was no competitive advertising.

This is a market which is highly responsive to advertising. Television advertising is by far and away the most important variable in explaining sales variations for both Golden Wonder and



the total market. The advertising in this model contributes in two ways, the immediately and the 'longer-term' effects. The new campaign for Pots was far more effective than the earlier ones on both of these counts.

The 'immediate' (within period) advertising effect of the new campaign is just over 100,000 Pots for 100 TVRs, over three times the level pertaining for 1980-82 TV advertising. Additionally, the longer-term effect of the advertising — as represented by the carry-over sales from period to period — has risen from 54 per cent in 1980-82 to 81 per cent in 1983-85.

With a period to period carry-over effect of 81 per cent of sales, the total sales gain attributable to the advertising is 5.3 times that of the 'immediate' effect — a total of over half a million extra Pots sold for each 100 TVRs delivered by the new campaign. This compares with a mere 70,000 additional Pots for each 100 TVRs of the old advertising. A seven-fold increase in the level of sales attributable to advertising was the measure of the new campaign's effectiveness compared with previous Golden Wonder advertising.

On this basis, the advertising over 1983-85 has contributed just over twenty million Pots to Golden Wonder sales cumulatively — the difference between a continued decline of 2 per cent per annum and the healthy growth achieved.

Clearly the 'Potted' advertising campaign has made a huge positive contribution to the turn-around in sales of Golden Wonder Pots. It has revitalised and reinjected growth into the product category, which is now effectively owned by Golden Wonder. It has achieved this by intensifying the consumption of remaining product field users. On this basis we would accept the high level of advertising 'carry-over' or long-term effect. Product consumption is clearly stimulated by the advertising, but product enjoyment is enhanced by the extrinsic or emotional values conveyed. Thus the advertising works in conjunction with product consumption to create greater rewards or more 'total utility' from a Golden Wonder Pot; the consumer gets more enjoyment and the frequency of consumption intensifies. The long-term effect of the advertising clearly embraces this increased commit-

ment to Pots. Based as it is on advertising experience feeding into heightened rewards from continuing product consumption, it is entirely credible that an advertising exposure can 'work' for over a year.

## HOW DID THE ADVERTISING WORK?

The advertising was directly responsible for generating increased consumption which, while hugely significant in commercial terms, was not at a level which consumers themselves were sufficiently conscious of to be able to recount in face-to-face interviews. Therefore, the way the advertising worked has to be broached indirectly by demonstrating how each element of the advertising strategy was met.

### Impact

A continuous Millward Brown tracking study run through 1983-84 indicated that among Pots users the advertising achieved high levels of advertising awareness and recall with good communication. The commercials scored highly for memorability and entertainment from their introduction, though people naturally were less prepared to credit them directly as a stimulus for consumption.

The advertising definitely had impact and was entertaining for its target group.

### Communication

Since the new campaign was developed in 1982, six qualitative research projects among Pots eaters or buyers have been conducted by Schlackmans. These have explored both animatics of the commercials and the finished commercials themselves. What has emerged from this is clear evidence that Pots advertising has met all of the strategic objectives set, whilst having a unique creative approach ideally fitted to Golden Wonder Pots.

A 1985 report states:

*'Builders' is a favourite. It was almost always spontaneously referred to by all the groups and was recognised and remembered when shown. It appeared to have all the necessary elements*

TABLE 8: ATTITUDES TO POTS TV COMMERCIALS

Base: all housewives who have ever bought Pots recalling the advertising (1/11/82 to 21/8/83)		
% saying (ad) was:	'Camping'	'Builders'
	98	195
	100%	100%
	%	%
It's the sort of commercial that sticks in your mind	39	48
It's entertaining	39	40
It tells you about the products	26	32
It makes you want to eat the products	18	12
It's a bit silly	11	20
It's a bit confusing and hard to follow	6	3
It's a bit boring	1	2

Source: Millward Brown

*because it communicated all the product benefits, whilst providing entertainment value at the same time.*

*In summary it conveys that the product was a snack which was quick, filling, substantial and suitable to fill grown men. Further, it conveyed an enjoyment factor and tastiness through the verbal consumer noises made during the commercial.*

(Schlackman)

Or, in a consumer's words:

*That gives it all. The people don't have to speak. It's giving us warmth, goodness and quickness and nobody has to say anything about it, they're just all jumping about and eating it.*

'Camping' and 'Snowman' were identifiably commercials from the same campaign but were favoured more by housewives than by men or teenagers, because of the family values. As planned from its introduction to the mix, 'Snowman' conveyed energy-giving, warming and 'good for you' qualities, less evident in 'Builders' or 'Camping'. To quote two more respondents:

*It's just a typical thing that could happen. If you were out playing in the snow you could get cold, and want to come in and warm yourself and fill yourself up for a while.*

*That tells you everything. It's goodness, it's warm, it's filling.*

All three Pots films have conveyed Golden Wonder Pots as 'a snack'; hot, substantial, and moreover nourishing snacks eaten in the context of the creation of energy, warmth and hunger satisfaction. They have achieved this with the basic category identifiers of 'quick and convenient' underpinning all other responses.

User Imagery

The Golden Wonder Pot user is now typically a young (under 35) Northern adult working-class man or woman. A major quantified study conducted in November 1985 among heavy Pots users (eaters in the last two months who represent 80 per cent of the total market) indicated that their image of Pots eaters was young, relatively classless but, furthermore, one of energetic, fun-loving people getting the most out of life. A selection of the key dimensions from the study is set out below. Trends are not available, but the wide social acceptability of Pots among current users is clear. No sense of alienation, guilt or self-doubt is evident.

All of this evidence indicates that the new campaign has met its objective of re-exciting eaters and bringing to life those values that are not immediately obvious over speed and convenience, and that this has been central to the advertising's success.



TABLE 9: THE USER IMAGERY OF GOLDEN WONDER POTS

Percentage of eaters in the last two months of Golden Wonder Pots saying they were likely/unlikely to be eaten by:		
	Likely %	Unlikely %
428 = 100%		
Teenagers	99	—
Young adults	98	1
Working-class people	90	2
People who work in offices	88	7
People with modern ideas	86	4
Fun-loving people	79	2
People who enjoy the outdoors	79	9
People who live in the 'fast lane'	77	10
People who work outdoors	76	13
Adventurous people	73	10
People who lead a quiet life	47	19
People who are houseproud	45	24
Middle-aged people	45	35
People who are set in their ways	16	66
Business executives	18	69

Source: Schlackman: November 1985

ADVERTISING'S DEVELOPING  
CONTRIBUTION TO INCREASED  
SALES

Clearly the advertising did not have the success in its first 1982/83 season that it enjoyed over subsequent winters. Factors contributing to this are:

1. Relatively steep price rises over the autumn and winter of the campaign's introduction to finance advertising and protect profits.
2. Better media deployment as our understanding of the campaign has developed. Over and above the campaign's growing presence, familiarity and established style, the deployment of the TV budget has been better able to concentrate the TV presence on areas of higher user density and to use single-mindedly the drip deployment of TVRs to maximise the brand's presence over time.

3. The third commercial, 'Snowman', introduced a 'cold weather' element to the pool of commercials and consolidated the developing effectiveness of the campaign.

Irrespective of advertising weight deployed, sales increases were achieved in all ITV areas in *both* 1984 and 1985. Those sales increases were spread pro rata across the range, and the sales profile of Pot Noodle, Pot Rice and Pot Casserole remains the same in 1985 as it was in 1983.

COMMERCIAL SUCCESS

The commercial value of the advertising is clear from the trend in real profits (net of all overheads and expenditure) accruing to Golden Wonder from Pot Noodle, Pot Rice and Pot Casserole (Table 10).

TABLE 10: GOLDEN WONDER POTS: REAL PROFITS

Net Profits deflated by RPI: Index 1981/82 = 100  
GOLDEN WONDER FISCAL YEAR (NOVEMBER-OCTOBER):

1980/81	150
1981/82	100
1982/83	177
1983/84	179
1984/85	236

Source: Golden Wonder

The new campaign paid for itself from its introduction, and raised profits by 75 per cent in 82/83. As sales have forged ahead, Golden Wonder are now reaping record profits from a brand which appeared to be in an unarrestable decline prior to the introduction of new advertising.

## CONCLUSIONS

To summarise the arguments:

1. Since the introduction of the new advertising strategy and executions, consumer purchases have moved into a growth phase. Over the campaign's first winter, Golden Wonder Pots increased their brand share of a market whose rate of decline had been arrested. In its second winter, the advertising was responsible for reintroducing growth to the total market, a pattern maintained to date.
2. This was achieved by increasing the frequency of eating Golden Wonder Pots among people using the product field prior to the introduction of the new advertising, rather than by penetration gains. The advertising has worked in the way envisaged in the strategy.
3. Econometric analysis has established a particularly strong relationship between the new television campaign and increased consumer purchases. An immediate short-term effect and a longer-term lagged effect of advertising are discernible. Combining these two effects for both the early pre-1983 Golden Wonder advertising and the new campaign, and comparing the results, indicates that the new advertising is seven times as effective as the 1980-82 advertising.
4. Over the period 1983-85, over 20 million incremental Pots sales can be attributed to the new campaign. This figure exceeds the cumulative gains made over the three years, suggesting that Golden Wonder sales would have continued to decline at around 2 per cent per annum without the new advertising.
5. The longer-term effects of the advertising are particularly important. The total sales gain attributable to the advertising is 5.3 times the short-term (within period) effect. This is, we believe, because of the progressive development of the relationship be-

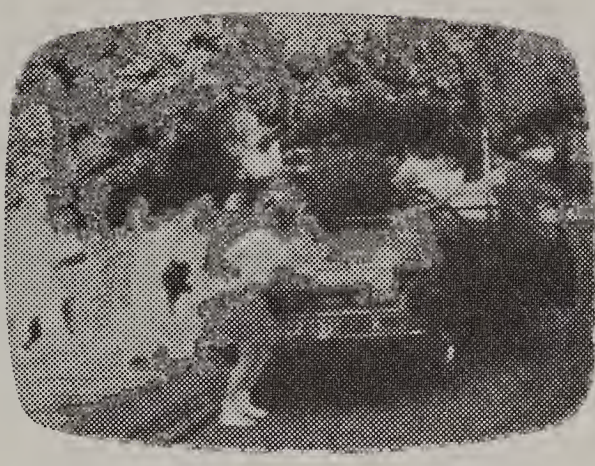
tween product consumption and the added, primarily emotional, rewards communicated by the advertising. The advertising has worked to increase people's total enjoyment of the product and, as a result, to intensify their consumption, and to build the Pots eating habit over a long period.

6. The advertising has met its objective of having good impact in order to re-awaken and re-excite people about Pots. It has built a classless image founded on modernity and fun, and created a sense of excitement around Golden Wonder Pots. Satisfaction of a real hunger has been central to all communications.
7. The 'real' annual profits accruing to Golden Wonder from Pots has more than doubled over the three years of the new campaign. 'Pots of warmth, Pots of goodness, Pots of satisfaction' was the message. Pots of extra sales and Pots of extra profits were the results. This is a 'Potted' success story for Golden Wonder which, we believe, is directly and demonstrably attributable to its change of advertising.



# GOLDEN WONDER POT SNACKS

## "POTTED HOLIDAY" 30 SECONDS

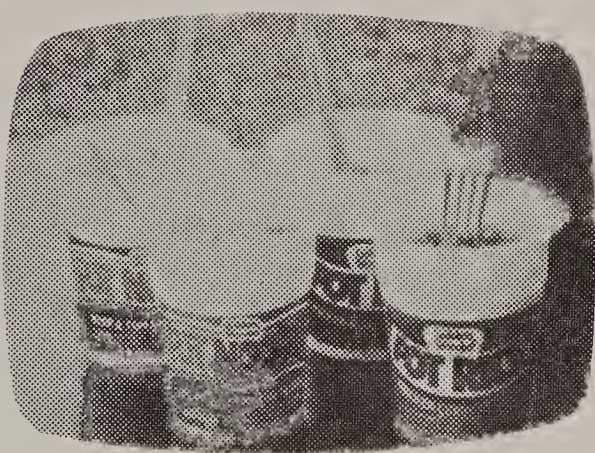


SFX : Vroom.

MUM : Way?  
 YOKEL : Wur.  
 MUM : What?  
 YOKEL : Wur.  
 MUM : Wur?  
 YOKEL : Arr.  
 SFX : Vroom.



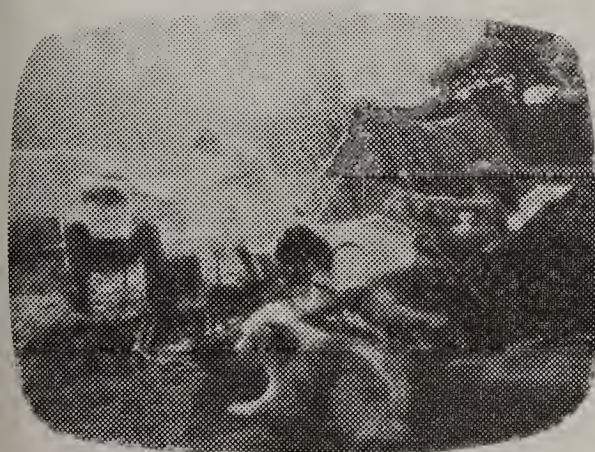
BOY : Hungry.



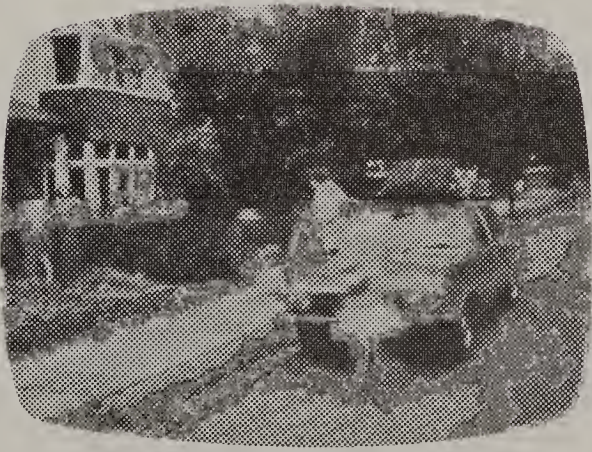
MVO : Golden Wonder Pot  
 Noodle ...  
 .... and Pot Rice.



DAD : Mm!  
 MVO : Pots of warmth.  
 MUM : Mm!  
 MVO : Pots of taste.



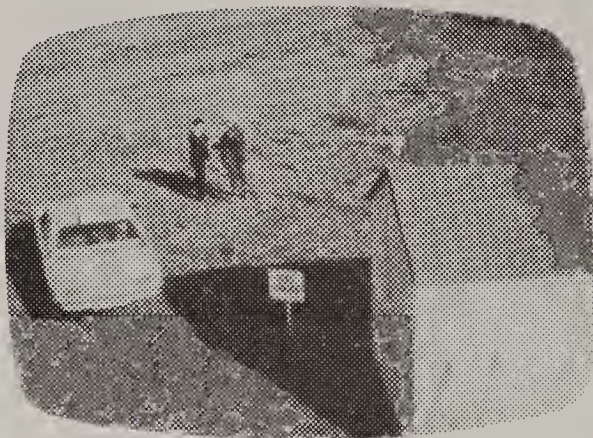
MUM : Rain!





# GOLDEN WONDER POT SNACKS

## "JACK" 30 SECONDS



**JACK :** House!  
(Buyer)

**DAVE :** Cost!  
(Foreman)

**JACK :** Money!

**JACK AND DAVE :** Deal!  
**TOGETHER**



**DAVE :** Lounge.

**KEV :** Lounge.

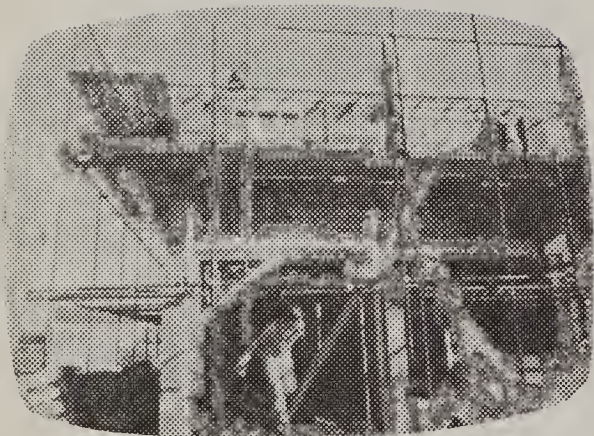
**DAVE :** Shed.

**MICK :** Shed.

**DAVE :** Loo.

**JOHN :** Loo.

**ALL :** Good!

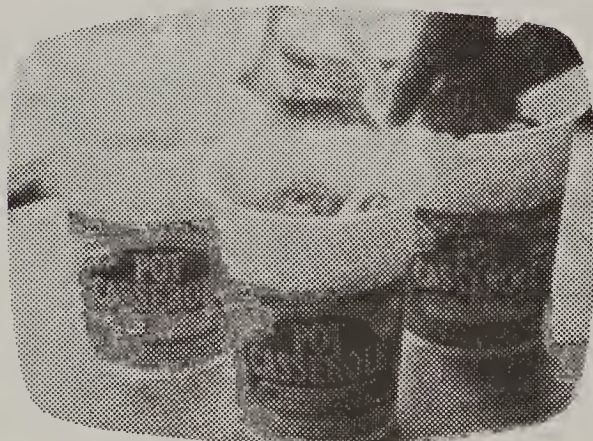


**DAVE :** John

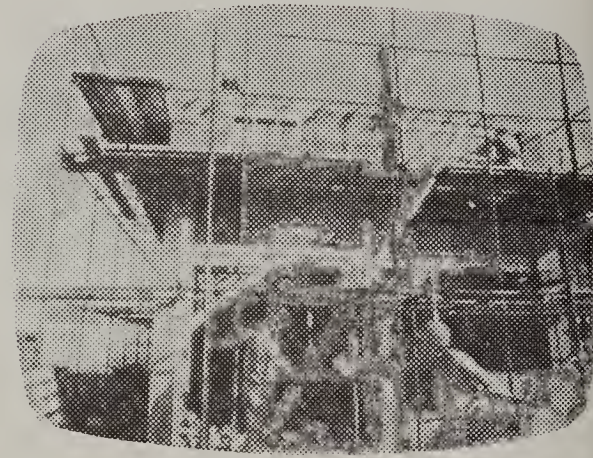
**JOHN :** Dave

**JOHN :** Hungry?

**DAVE :** Hungry.



**MVO :** New Pot Casserole with  
real potato from Golden  
Wonder.



**JOHN :** Mick

**MICK :** John

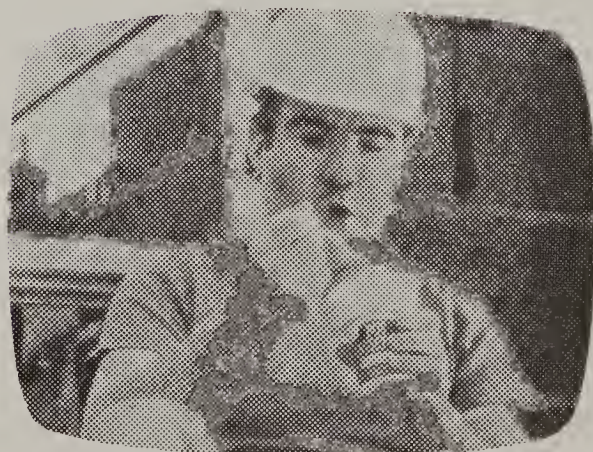
**JOHN :** Kev

**KEV :** John



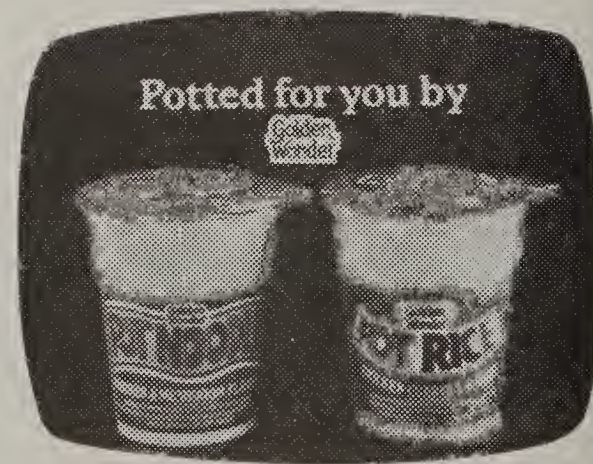
**MVO :** Pots of warmth.

**MICK :** Mmmm.



**MVO :** Pots of goodness

**DAVE :** Wor.





II

THE ANDREX STORY — A  
SOFT, STRONG AND  
VERY LONG-TERM SUCCESS





## BRANDING IN A COMMODITY MARKET

Toilet paper might logically be dismissed as a classic functional commodity item, with price being the overriding factor governing choice. Yet, since the development of soft tissues in the late 1950s, one brand — Andrex — has consistently held leadership and is regarded by many British housewives as the only brand they will buy. Not only has Andrex become valued above all others, it has also commanded a premium price since its launch. Consistently effective advertising has contributed to the long-term success of this apparent commodity. This paper demonstrates this long-term effectiveness by showing the continuous shorter-term contribution made by Andrex advertising within a 22-year period from 1964 to 1986.

We have divided the paper into two basic sections. The first section gives a brief history of the brand since its launch in 1956, and points out the key events and the actions taken by Bowater\*Scott in manufacturing, marketing and advertising Andrex. The second section describes a statistical model of Andrex sales over the last 22 years and discusses the importance, effects and implications of the components of the model. A technical Appendix is attached to this section.

Both sections demonstrate the consistency of the marketing and advertising strategies for Andrex. The commitment to a premium-priced, premium-quality policy supported by advertising is evident and has created a powerful and resilient brand. Andrex has retained its share of market value and continues to be the dominant brand leader.

### ANDREX BACKGROUND PRE-1965

In 1956 Bowater\*Scott launched the soft Andrex roll into a market where hard tissues commanded a 75 per cent share. Andrex helped to change the shape of the toilet tissue market. It speeded the decline of hard flat packs and growth of soft rolls and by 1963 Andrex, the largest advertised brand, held around one-quarter of the volume and was attracting intense competition from other branded soft rolls. All this was in an environment where supermarkets were changing the shape of the

High Street. These larger stores with self-service, centralised buying and warehousing were also changing the shape of retailing.

During this period of change, the three main manufacturers of soft tissue were investing heavily for the future by installing new paper machines. This left them well placed to cope with demand in the long-term but with shorter-term, potentially unprofitable excesses of capacity. This was taken up by the new supermarkets and we saw the emergence of cheap own-label soft toilet tissue as a powerful market force which caused the price of toilet tissue to decline generally. This own-label growth, combined with high cost production, stimulated different reactions from each of the three main manufacturers.

British Tissues devoted considerable production capacity to supplying own-label and later decided to opt out of major activity in the branded sector. The effect on profit margins was disastrous. Kimberly-Clark's healthy brand Delsey was sold more and more on price, and by 1965 they had virtually stopped advertising. Bowater\*Scott, however, pursued a course of product quality at a premium price (15 per cent over own-label) with continued advertising support. Andrex flourished, despite its premium, within a market where 'pile it high, sell it cheap' was the order of the day.

### The Late 1960s

By 1969 Andrex was stable and strong, while Delsey had slipped back to its 1960 share. In fact, by 1971, Kimberly-Clark was forced to introduce another brand under the famous Kleenex name in order to try and recapture its market share.

The Andrex share success was also matched by changes in consumer attitudes to the brands. Consumer's perceptions of the relative values of Andrex and Delsey changed dramatically through the 1960s. It is important to note that the products themselves did not physically change in relation to one another during these years. Research showed that housewives came to value Andrex a little more and Delsey a little less. Ratings on 'good quality' and even 'good value for money' jumped ahead for Andrex while they declined for

Delsey. By 1969 Andrex had become the only advertised brand. It took the initiative by advertising, but also took the initiative in the way it talked to the consumer; there was a consistently soft, delicate but confident tone to Andrex advertising.

Advertising investment was just part of a total marketing and manufacturing commitment to keep the initiative for Andrex, in spite of considerable market pressures. Bowater\* Scott also kept the initiative by meeting consumer requirements in other ways:

1. Andrex was the first to introduce coloured tissue.
2. Andrex kept up product quality at a time when financial constraints would have made it easy to reduce the quality of raw materials.
3. Andrex built up excellent grocery distribution (toilet paper had been traditionally a chemist line).
4. Andrex kept ahead with innovations in packaging and packaging design. The overall effect was to improve perceptions of value for money.

### The 1970s

The 1960s had been a time of triumph for Andrex, but by the early seventies there were ominous signs that all was not well.

Following a period of reduced advertising expenditure, consumer attitudes to Andrex were becoming less favourable, and own-label was growing at a much faster rate than Andrex. The brand was now finding it more difficult to justify a premium, so a relaunch designed to improve value-for-money perceptions took place in 1972. The Andrex roll was now longer, with better colours and new pack designs. The advertising aimed to communicate Andrex's enhanced value for money, while retaining its traditional qualities of softness and strength. For the first time, TV was used as the main medium — and the Andrex puppy was born. Intrinsicly soft and strong, this canine demonstrator ran away with the roll to show its length and its implicit value for money.

The result — a runaway success. Consumer perceptions of Andrex quality improved (see Figure 1). Share leapt from 26 per cent to 30 per cent, while

the Andrex premium was sustained at 30 per cent over own-label. The puppy theme was developed. He became a strong and salient Andrex property and did much to develop a strong and distinctive brand personality. Andrex was seen as a superior, likeable, soft family brand and retained unchallenged dominance of the market for the remainder of the seventies.

### New Challenges in the 1980s

The puppy kept on running; he responded to many changes, he continued his product demonstration and has continued to dominate perceptions of toilet tissue.

In 1981 Andrex softness was improved. The puppy played in a shower of soft pink feathers. This commercial was one of the most noticed and popular of all Andrex films. The puppy and feathers imagery was also used in print, as shown in the example. This activity considerably improved perceptions of softness (see Figure 2).

Loyalty to Andrex is particularly strong, with 34 per cent of Andrex purchasers buying no other brand except Andrex, but this loyalty began to be strained at the beginning of 1982 when the price premium of Andrex over other brands reached a higher level than normal. In 1982 the puppy ran and ran to Spencer Davies' 'Keep on running', demonstrating an extra sheets promotion.

Until 1985 the puppy continued his soft, strong, long campaign in woodlands and shoreline settings. However, by the middle of that year he joined up with some friends, specifically an elephant, stork, kitten and giraffe. He faced his toughest task yet — to announce that Andrex was completely new. It was softer and better value than before. Why? Because Kimberly-Clark's new Kleenex Velvet, which was launched in 1982, had gradually eroded Andrex's share. The new Kleenex was softer and cheaper than the old Andrex and was supported by advertising. The new Andrex, together with price premium, puppy and new-found friends was launched into the southern half of the country in September 1985. Radio and posters, as well as TV, supported the relaunch.

The fact that Andrex was new and



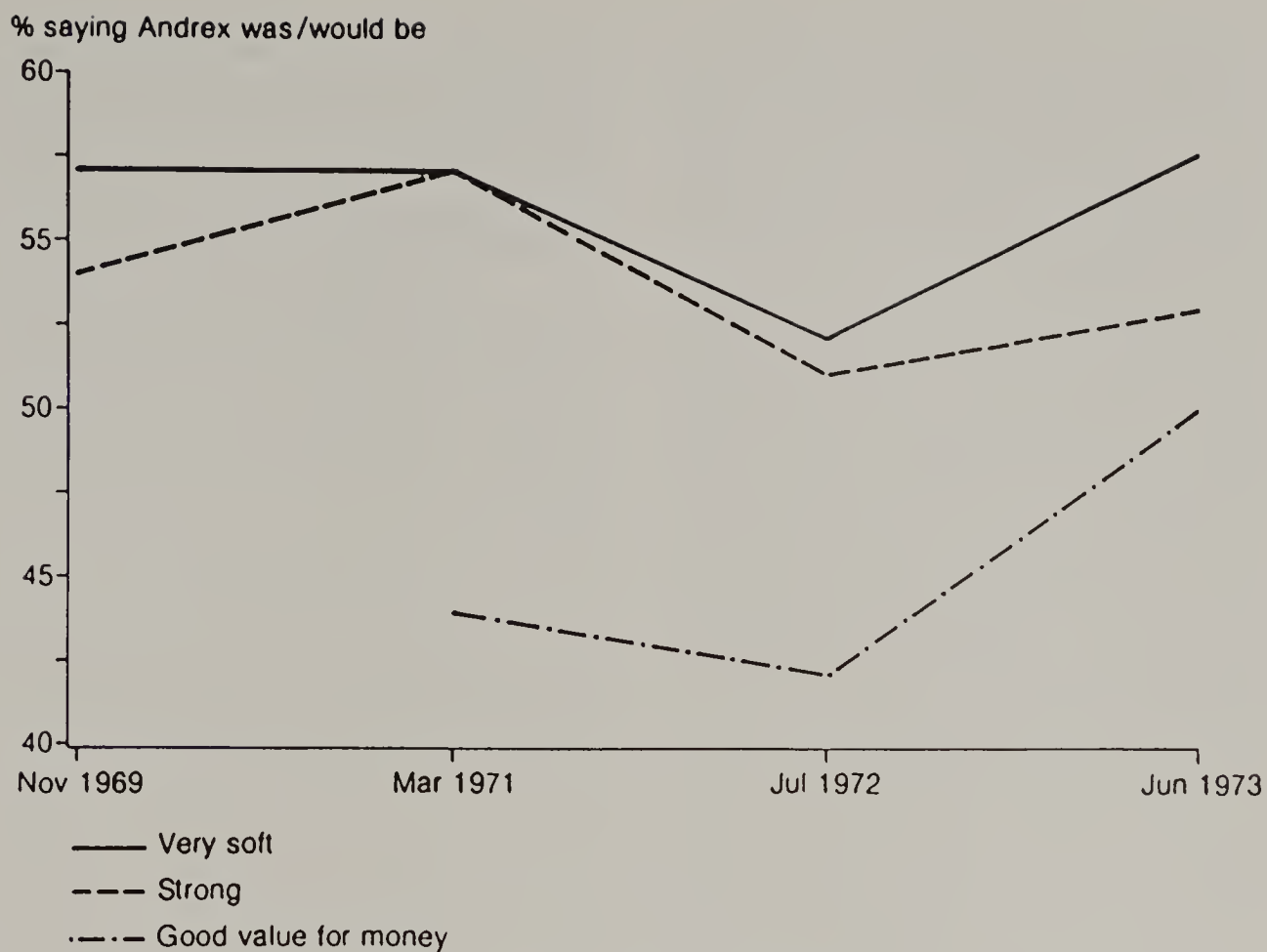
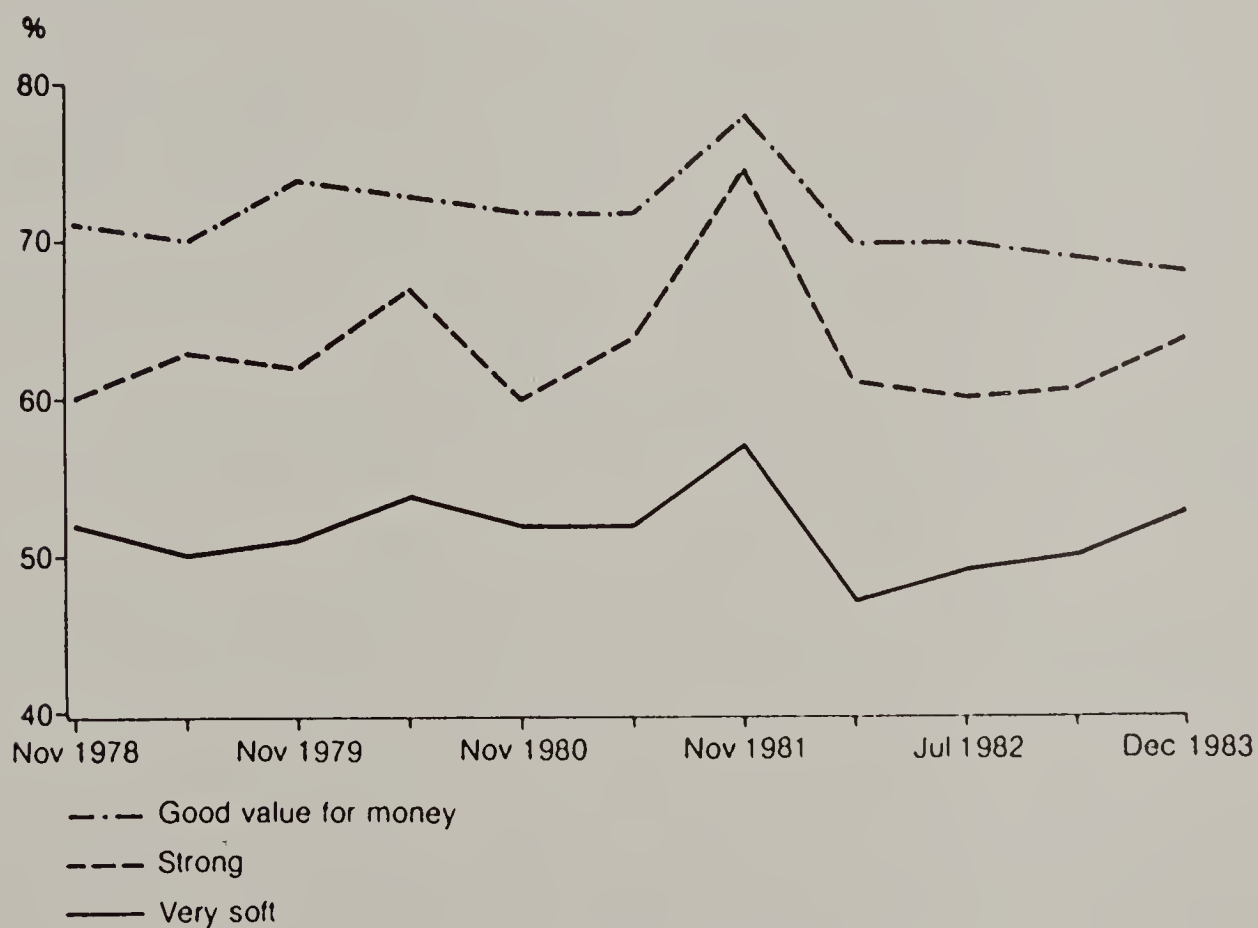


Figure 1. *The image of Andrex.*



Base: aware of Andrex.

Figure 2. *Brand attribute ratings. Source: Attitude Monitor.*

#### A MODEL OF ANDREX SALES (1964-1986)

different was widely understood by consumers. Sales volume increased so that the majority of sales lost following the Velvet launch were regained from only the southern half of the country. This bodes well for the new Andrex as it extends northward. We now confidently expect to regain more than the original Andrex loss to Kleenex.

We have employed econometric analysis techniques to Andrex data for many years. They have been used to help us assess the value of the contribution made by advertising and also to help distribute advertising budgets, monthly and regionally, in the most sales effective way. Our interest has also extended

to seeing if we can construct a statistical model predicting Andrex sales across the whole 22-year period. We have done so, and the key components of the model reinforce the conclusions we have drawn from experience.

The model was constructed using regression analysis on quarterly sales volume data and it is significant statistically (see Figure 3). The implied short-term advertising elasticity is 0.06 and since the carry-over value from period to period is shown to be 61 per cent then the longer-term elasticity accumulates to 0.15. Fuller details of the model are available as a technical Appendix to this report.

of sales in the preceding period is not unusual, nor is a seasonable variable. The active components are, therefore, the functions of advertising weight and the trend. We propose to give attention to all the variables but more discussion seems appropriate on the two active variables in the model, and also to the one that is conspicuous by its absence, i.e. price (which only appears as a dummy variable for three periods in 1982).

### Advertising

The short-term effect of advertising is measured directly by the model. The

Sales index 1975 Q1 = 100

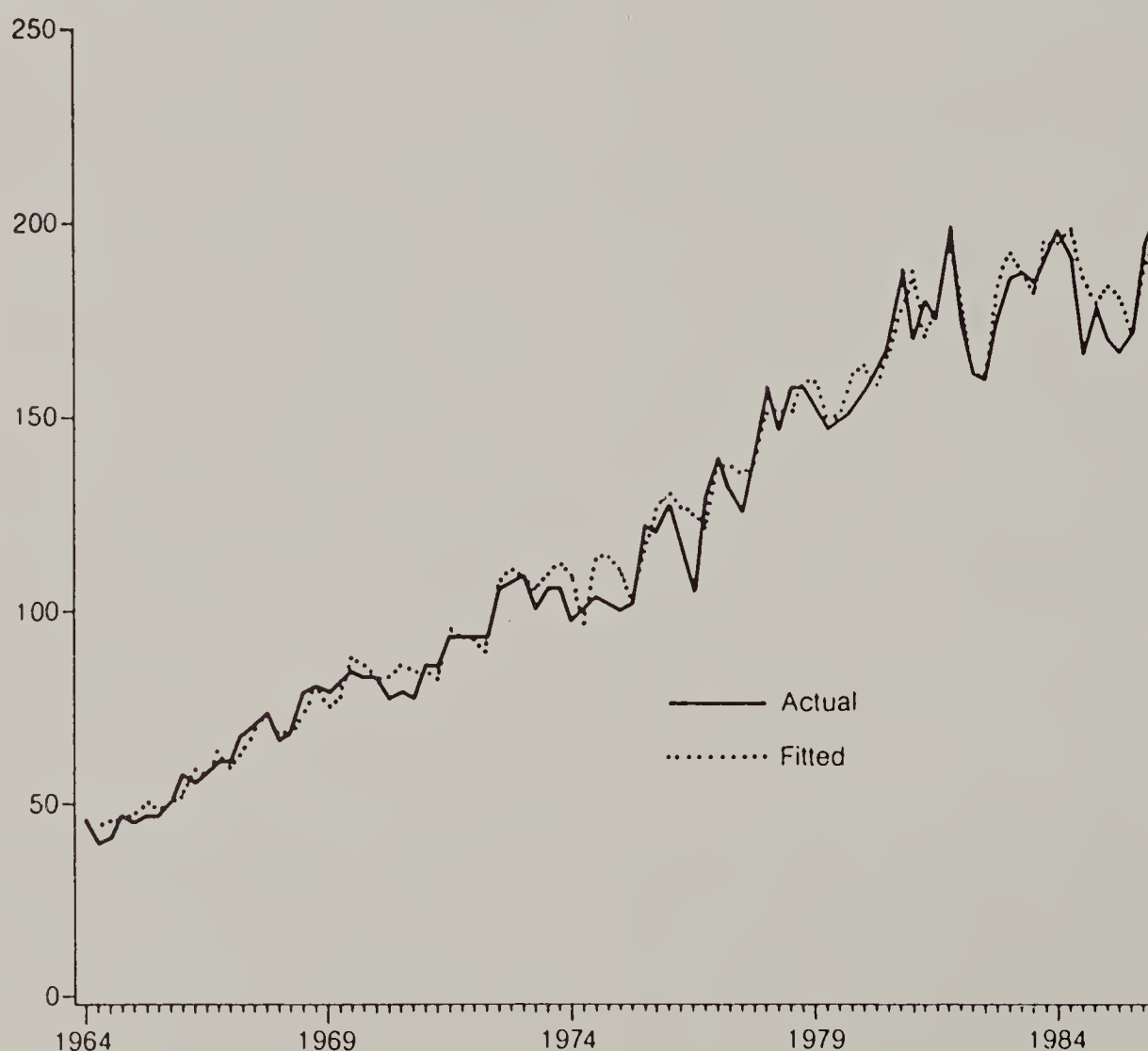


Figure 3. *Andrex model.*

### Comment on the Components of the Model

The components of the model are a constant term, sales in the previous period, advertising weight, seasonality, a trend and three specific event dummy variables.

The first thing to be noted is the essential simplicity of the model. The constant term and the three dummy variables, by definition, do not act as a dynamic within the model. A function

longer-term effect of advertising takes its particular shape from the carry-over value of 61 per cent. This means that 61 per cent of sales generated by advertising in a period continue into the next period, and 61 per cent of that amount continue into the next and so on. Overall, the total sales long-term are two and a half times the original short-term value.

We do not suppose that this long-term effect is achieved through memory of specific periods of advertising; simply



that the purchase and use of Andrex, once adopted, is slow to fall away. It is the behaviour that echoes through time. Such persistence of behaviour must reflect the actual quality of the Andrex product as well as the added values of the Andrex brand personality.

If we were dealing with monthly sales data, such a level of 'carry-over' (61 per cent) might seem less remarkable, since few purchase intervals would be embraced. However, this quarterly data includes eight to ten average purchases of the product field per period. Clearly, therefore, the shorter-term influences of competitive advertising activity and the fact of competitors' price advantages are not sufficient to attract recent Andrex buyers away from Andrex, at least not with any rapidity. A 61 per cent retention (a 39 per cent drop per quarter) is achieved when only 5 per cent of the remaining buyers defect at each purchase interval.

We believe that this high level of carry-over and behaviour maintenance is in some measure attributable to the disposition of advertising weight within and between sales periods. Andrex has, for many years, disposed advertising weight continuously. It is not clustered in bursts, except when additional weight is provided at times of relaunch or special competitive pressure (1982-85 has seen such activity. See Figure 4).

We also believe that the consistency and character of Andrex advertising are best exploited and more sales effective when scheduled continuously. In general terms, all advertisements seek to reinforce the positive and familiar aspects of a brand's personality and to symbolise the benefits of the product itself, i.e. soft, strong and very long. The Andrex puppy is well-known, widely liked and an effective symbol. The accumulated effect of advertising (short and longer-term) is shown in Figure 5. The short and longer-term components are separately identified.

We attempted to include any negative effect of competitors' advertising within the model but no measurable relationship was found between it and Andrex sales. However, the weight of competitors' advertising did show positive and significant relationships to their own sales, but the incremental volume thus gained seems to be at the expense of own-label volume.

#### Seasonality

Andrex sales exhibit a small but significant degree of seasonality with sales in the summer months being a little lower than at other times of the year, probably because of holidays.

#### Kleenex Velvet and New Andrex

The model indicates that a substantial

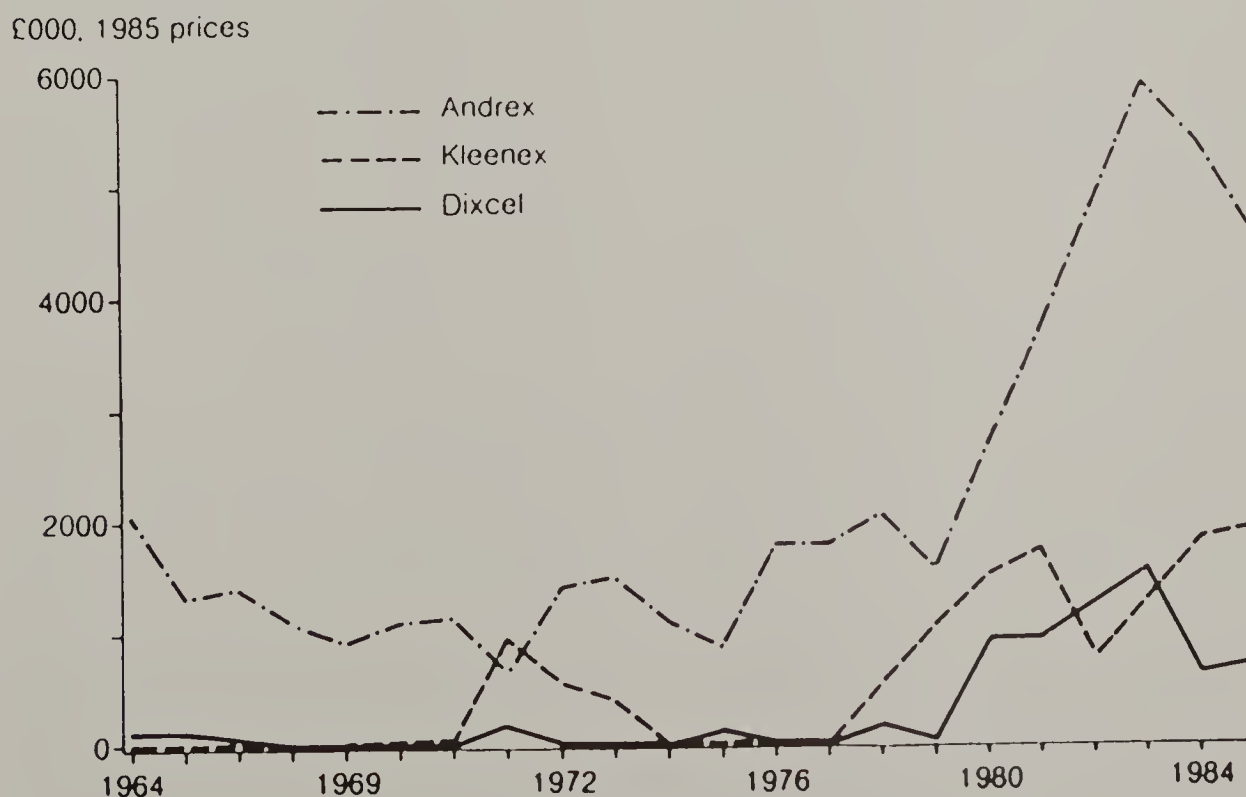


Figure 4. Real advertising expenditure.

Sales index 1975 Q1 = 100

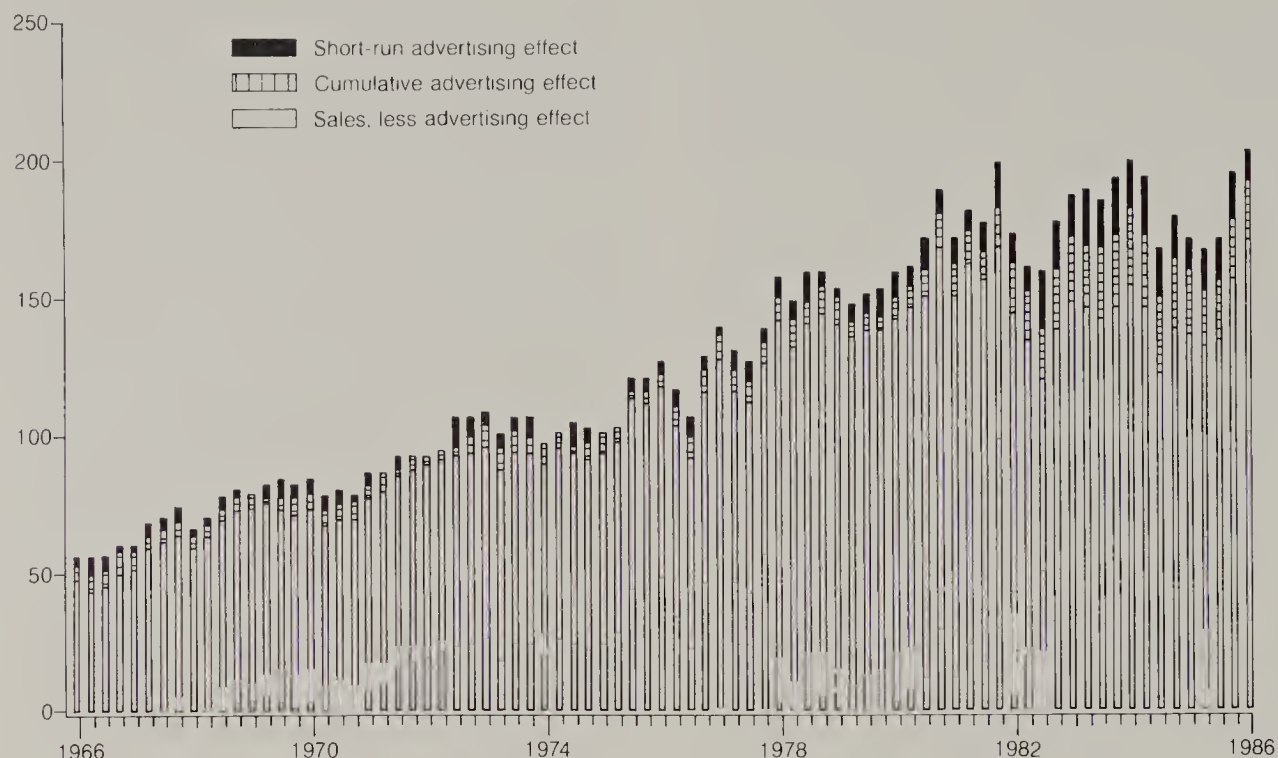


Figure 5. *Contribution of advertising to sales.*

volume of Andrex sales were lost due to the introduction of Kleenex Velvet. The sales effect was first noticed in the second quarter of 1983 (the brand was launched late in 1982).

Kleenex Velvet is a very high quality product with a higher degree of softness than Andrex had at the time. Its source is reputable and it was offered for sale at an average of 1½p per roll lower than Andrex.

The relaunch of Andrex in southern regions of the UK in the fourth quarter of 1985 appears so far to have regained the large majority of 'lost' sales. More is anticipated when the launch is extended to the larger northern regions, which also provide a higher than average market share for Andrex.

### Price

The most unusual single feature of the Andrex model is that price only appears as a dummy variable and its presence is due only to events occurring in three periods of 1982. Prior to that time, and after it, the position of Andrex in the market has been that it is the lead price item. So, whenever Andrex moved in price, the others rapidly followed to reinstate the price differences that previously existed. Since this usually took place within a sales measurement period, there were too few measured changes in relative prices to be the basis for constructing a statistical relationship between prices and sales.

The only exception is the one

occasion when, for a short period, a price increase by Andrex was not immediately followed by the others. This short-term event, however, offers too little data to base a price elasticity calculation on, though the dummy is a significant variable in the model.

This lack of comparative change masks large price differences (see Figure 6). Price is clearly a major component in brand positioning and must have an effect on the distribution of overall sales. However, as we have seen, actual market behaviour by manufacturers and distributors over many years has had the effect of making it a non-variable in data analysis.

We did in fact look at absolute price, 'real' price, price relative to market averages, price relative to specific brands and to own-label. None were significant in modelling terms.

### Trends

One of the more surprising facts to emerge from the toilet tissue market data is the growth of the market itself. Between 1964 and 1985 there has been a 311 per cent increase in volume sales (in this same period Andrex volume grew by 309 per cent). It isn't easy to explain with any great confidence how so functional a product could expand with its market by a factor of four.

One possible explanation is alternative uses being found for the toilet tissue, such as use for general mopping up, facial wipes, handkerchief substitutes,



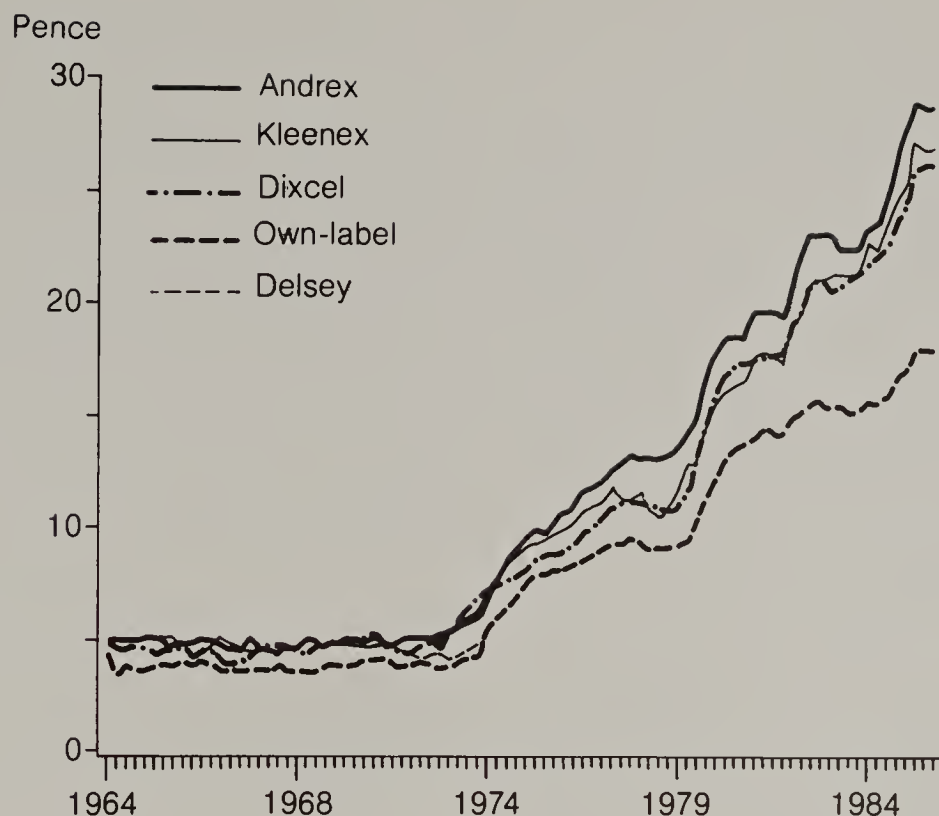


Figure 6. Pence per roll.

etc. While this may have contributed, it seems unlikely to have been the sole cause of growth.

The cost of buying toilet tissue dropped slightly in real terms, but even more in relation to personal disposable income and this may have influenced volumes of use and purchase. In relation to 'real' incomes, the price of toilet tissue has effectively halved over the 22-year period.

There may of course be a legion of other reasons that simply add up to a general social trend towards increased consumption. Whatever the reasons, it is a fact that household penetration has not changed since 1970 (98.8 per cent). However, the proportion of heavy users has grown from 27.8 per cent in 1970 to 49.9 per cent in 1985 (Source: TGI).

When constructing the model we tried to fit PDI and other variables, but found that a general non-specific trend provides the best fit. We investigated using the market volume growth itself as an independent variable in the Andrex model. The result was quite similar to that using the general trend, but such use might be open to criticism on the grounds of lack of statistical rigour; so we once again returned to the use of a general trend variable.

The presence of a trend helps us to avoid the error of attributing too high levels of influence to advertising (on a cumulative basis). For example, gross weight of advertising over time could act as a trend line itself, but the conclusion

that might then be drawn would almost certainly be wrong.

#### CONCLUSIONS DRAWN FROM MARKET MODELLING ACTIVITY

The consistent performance of Andrex within the toilet tissue market over the last 22 years is clearly demonstrated in Figure 7. Its value brand share has been remarkably stable over the period. Andrex, the highest priced brand, has sustained its share without recourse to competitive pricing activity. This history is reflected in the model itself, where no aspect of price appears except as a single dummy variable for a short time in 1982. But the changes in sales and attitudes in 1982 demonstrate the potential effect of price movement if it were widely used.

The damage done to Andrex sales volume by the introduction of a very high quality competitive product from a reputable source at a lower price (i.e. Kleenex Velvet) is also evident and appears as a dummy variable from 1983. However, the intrinsic strength of Andrex is also demonstrated by the fact that Velvet has only achieved a 13 per cent value brand share at best while Andrex share has remained above 30 per cent. The recovery of share and volume produced by the new Andrex product relaunch serves to illustrate the same point.

The fact that dummy variables of these events are significant within the



Figure 7. Value share of total market.

model is evidence of the importance of product development within this market. The model also clearly demonstrates the continuing, effective (and profitable) role that advertising has played in Andrex marketing over the whole period. Advertising is the only controllable variable in the model, since the other dynamic elements are the growth trend and a minor seasonality.

Given the dominant role that Andrex has played within the UK toilet tissue market as a product quality leader, as a price leader and as spokesman via advertising for the quality and rewards of using soft toilet tissues, it is difficult to believe that this has had no influence on the trend. Perceptions of the brand leader, its image, its association, its familiarity and the popularity of its advertising seem likely to have had some positive effect on the public's attitudes to the whole market. Andrex in some sense has characterised the market while promoting itself. However, we are unable to demonstrate this statistically.

The long-term marketing policy adopted by Bowater\*Scott for Andrex, i.e. a high quality product at a premium price supported by continuous advertising, has been shown to be effective in the market-place against other premium quality brands and own-label. This is

clearly illustrated by our 22-year model of Andrex sales. The importance of advertising as a component in the model, coupled with its levels of short-term elasticity (0.06) and carry-over (61 per cent), demonstrate the short and longer-term value of advertising to Andrex. The existence of significant price premiums for Andrex in the market-place and the absence of price as a dynamic variable in the model illustrate the strength of the added values associated with the Andrex brand. These added values are a testimony in major part to the long-term contribution of advertising.



## THE TECHNICAL APPENDIX

The model of Andrex sales was based on an analysis of 22 years of quarterly observations of sales volume measured by Nielsen up to the end of 1974 and TCA thereafter. Advertising expenditure was obtained from MEAL, deflated by Advertising Association indices of press and television costs. This unique statistical record was compiled by Tom Corlett, who was also responsible for some of the early analyses of Andrex market performance.

The model estimates the sales volume of Andrex in a given quarter, measured in millions of rolls. The model takes the form of a multiple regression equation of the following type:

$$V_p = X + C_1 V_{p-1} + C_2 A + C_3 S + C_4 T - P - K + R$$

Where  $V_p$  = estimated Andrex sales in a period,  $p$

(5.57)  $X$  = a constant term

(8.99)  $V_{p-1}$  = Andrex sales in the preceding period

(4.27)  $A$  = advertising weight

(4.15)  $S$  = seasonality

(5.43)  $T$  = a trend

(4.77)  $P$  = a price dummy value

(4.76)  $K$  = Kleenex Velvet launch dummy value

(2.47)  $R$  = a new Andrex relaunch dummy value

and  $C_1$ ,  $C_2$ ,  $C_3$  and  $C_4$  are regression coefficients calculated by the model. ( $t$ -values for the independent variables are shown above in brackets.)

The short-term advertising elasticity of 0.06 was obtained by multiplying  $C_2$  (4.09) by the mean of the advertising variable and dividing by the mean of volume sales. The carry-over effect of advertising into subsequent periods is estimated directly by the model as  $C_1$ . Its value is 61 per cent, which thus produces the series 61 per cent, 37 per cent, 23 per cent, 14 per cent, 8 per cent, 5 per cent, 3 per cent etc. by increasing powers of that number. This total series adds up to 250 per cent, giving a longer-term elasticity of 0.15.

The model shows a very high correlation with actual sales and is statistically very strong. Its  $R^2$  value is 0.98, Durbin-Watson statistic is 2.03 of the Durbin-H statistics = -0.26.

The measures of Andrex sales volume were de-seasonalised using the X11Q program developed by the US Bureau of Census.



The earlier case histories were previously published by IPA/Holt Rinehart Winston in the *Advertising Works* series, which record the prizewinning and commended papers from the IPA Effectiveness Awards. The 1986 winners are to be published by the IPA in conjunction with Cassells.







